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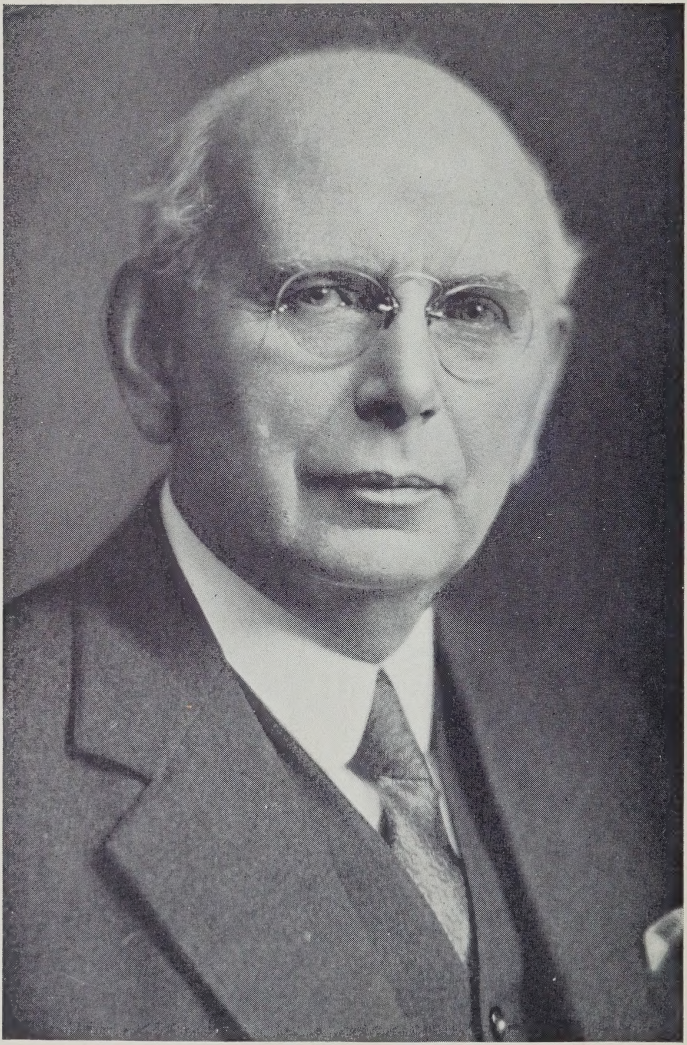
EMPIRE CLUB OF CANADA



JOHN D. SPENCE

President of the Empire Club of Canada, 1930

EMPIRE CLUB
OF
CANADA

ADDRESSES DELIVERED TO THE MEMBERS DURING THE YEAR

1930

Twenty-eighth Year of Issue

CANADA AND A UNITED EMPIRE

GOD SAVE THE KING

TORONTO
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1931

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CONTENTS

PAGE

FRONTISPIECE ii

AFFILIATION WITH THE ROYAL EMPIRE SOCIETY vii

OFFICERS 1930 viii

PREFATORY NOTE ix

ADDRESSES:

CHINA AND THE FOREIGN POWERS 1
HON. N. W. ROWELL, K.C.

THE BIRTHPLACE OF SOUND 16
O. R. HARVEY.

THE FREEDOM OF THE SEAS 23
H. F. MUNRO, M.A., LL.D.

BERNARD SHAW AND THE EMPIRE 36
MAURICE COLBOURNE.

A COMPLIMENTARY LUNCHEON TO THE RT. HON. SIR WILLIAM MULOCK, P.C., K.C.M.G., Etc., Etc. 48

INTERNATIONAL RELATIONS 66
DR. FREDERICK W. NORWOOD.

PEACE AMONG THE NATIONS 80
HON. M. M. LOGAN.

THE WHEAT SITUATION 90
PROFESSOR C. R. FAY, M.A., D.SC.

CANADA AND HER WHEAT 103
HON. FRANK OLIVER.

THE DEMOGRAPHIC POLICY FOR THE ITALIAN GOVERNMENT 114
PROFESSOR CORRADO GINI.

SPECIAL LUNCHEON MEETING IN HONOUR OF HIS EXCELLENCY, VISCOUNT WILLINGDON, GOVERNOR-GENERAL OF CANADA 124

THE ROMANCE OF INTRA EMPIRE TRADE 138
HON. FRANK CARRELL, LL.D.

UNITED STATES NAVAL PARITY 153
PROFESSOR GEORGE M. WRONG.

The Chicago Drainage Canal 165
HON. HAMILTON WARD.

The World in Perspective 180
ROBERT J. CROMIE.

The Shuttle of Empire 195
MAJOR G. H. SCOTT.

India 205
SIR JOHN SIMON, G.C.S.I., K.C.B., ETC.

Empire Trade 221
T. B. MACAULAY, LL.D.

Canada's Widening Horizon 230
COL. J. H. WOODS.

British Aviation in War and Peace 240
LT. COL. W. A. BISHOP, V.C., ETC.

Cultural Relations Between China and Canada 254
DR. KIANG KAN-HU.

Unemployment 265
HAROLD B. BUTLER.

Tariff Relations Within the British Empire. A Debate: 274
H. TREVOR LLOYD, B.A., AND JOHN MITCHELL, LL.B.

Neighbours Across the Border 286
SAMUEL INSULL, Sc.D.

Women, 1830 and 1930 293
HON. CAIRINE WILSON.

Imperial Conference and Canada's Economic Problems 300
PROFESSOR W. W. SWANSON, PH.D.

The Port of London Pictured 313
A. E. WILDEY.

The Outlook for 1931 318
H. C. BALDWIN.

Appendix I. Report of the Annual Meeting 331

" II. Honorary Members and Past Presidents of the Club 335

" III. Constitution and Ordinances of the Empire Club 336

THE ROYAL EMPIRE SOCIETY
AND
THE EMPIRE CLUB OF CANADA

The Royal Empire Society and the Empire Club of Canada are affiliated with a view to promote mutually the object for which both were founded, namely, the Unity of the Empire. Each extends to visitors and members vouched for by the other the usual courtesies on arrival in London or Toronto.

OFFICERS AND COMMITTEE

YEAR 1930

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Mr. C. V. Syrett

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Past Presidents:

Dr. Elias Clouse
Mr. F. B. Fetherstonhaugh, K.C.
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Honorary Auditor: Mr. H. T. Jamieson.

PREFATORY NOTE

Once more the Empire Club of Canada presents its Year Book to its members. It has long been the custom of the Club to provide more permanent form for the addresses which are delivered to members by the publication of an annual volume containing the speeches and referring to the happenings of the Club year.

It may be said at once that the year of 1930 saw the presentation to the Club of a series of addresses of a very high order indeed. It is perhaps worth while to refer especially to several which were outstanding at once because of their timeliness and special appeal to the Club.

During the year the Club was greatly privileged in its visit from His Excellency Viscount (now Earl) Willingdon, at the time of his visit Canada's Governor General. His Excellency's interest in the Club has been at once acute and sustained and the membership honoured itself in honouring him. His address, so statesmanlike in its quality, was heard by a large audience.

No one who heard Sir John Simon's masterly exposition of the Indian problem can ever forget it. He spoke to the Club shortly after the issue of the famous Simon report and a crowded meeting listened eagerly and earnestly to so authoritative a pronouncement. One of the most pleasant and memorable gatherings in this year, or any year in the club's history, was the occasion of a complimentary luncheon to the Rt. Hon. Sir William Mulock, Canada's Grand Old Man. Bench and Bar, Church and State, and representatives of professional and business life in the city, and indeed in the Dominion, united to bear witness to the affectionate regard in which Sir William is held by the community at large. His message of hope and good cheer with which he closed will not soon be forgotten.

Pursuing the policy of providing the members with a discussion of topical problems the Club secured Professor C. R. Fay and the Hon. Frank Oliver, each to give his view, that of an expert, of the wheat situation. These two meetings were held in two weeks and the membership of the Club thus had an opportunity to consider one of Canada's fundamental problems from two quite different angles.

The visit of the R 100 to Toronto in August enabled the Club to entertain its distinguished officers at a meeting of a very special kind indeed. Needless to say the occasion was one of great enthusiasm. Where better than at the Empire Club could the men who had piloted the R 100 from one part of the Empire to the other find and meet their admiring friends?

One of the most important events to Canadians and indeed to all imperially-minded folk was the Imperial Conference held at Westminster. An admirable conspectus and discussion of Canada's problems in the light of the conference was given by Professor W. W. Swanson, of the University of Saskatchewan, who was adviser to Canada's Prime Minister in London. No less significant were the addresses by Mr. T. B. Macaulay, Colonel J. H. Woods and Mr. R. J. Crombie respectively, dealing freshly and authoritatively with Canada's economic problems.

The speech which opened the Club's year was Hon. N. W. Rowell's. It was a brilliant exposition of the relation of China with other powers. Mr. Rowell's great gifts of incisive and lucid thinking added to his arrestive eloquence were never displayed to better advantage.

During the year the Club entertained Canada's first woman senator, the Hon. Cairine Wilson, who spoke at once wittily and wisely. This was Ladies' Day for the Club and the occasion took on a gala air, many organizations sending their representatives to join with the Club in felicitating a charming and distinguished woman.

Altogether it will be agreed the year was a banner one in respect of the addresses delivered to the Club and the heartiness with which they were received. The meetings were increasingly well attended as the months passed and it can be said that, as in previous years, the Club once more discharged adequately one of its missions, that of providing a forum for the exchange of views upon important and timely questions affecting the interests of the citizens of the British Empire.

HUGH EAYRS,
Chairman Editorial Committee.

CHINA AND THE FOREIGN POWERS

AN ADDRESS BY HON. N. W. ROWELL, K.C.

16th January, 1930

President Spence introduced the speaker, who said: The subject of China and the Foreign Powers cannot be understood without some knowledge of the present form of government in China. As you are aware, the Monarchy disappeared in January, 1912, by the abdication of the then Emperor of China, and the Manchu Dynasty which had ruled China for more than 250 years passed from the stage. The government, particularly in the latter part of the Manchu period, had been largely decentralized in the sense that the provinces largely managed their own affairs. The Manchu Government appointed the governor of a province, and it was his duty to provide a certain amount of revenue annually for the central government, and if he made his remittances regularly, and up to the amount required, he was left with a pretty free hand in managing the affairs of his province. China has not had a strong central government, at least in modern times.

When the Revolution took place in 1912, they sought to establish a republican form of government in a country that was quite unaccustomed to the people participating in the operation of the political institutions of the country. The attitude of the average Chinese citizen towards government was that it was a necessary nuisance, to be submitted to as meekly and quietly as possible, but not to be bothered with as long as it permitted you to manage your own affairs. The attitude of the average Chinaman to the government was, "It is the duty of these men to govern; why should I bother about it? Let me look after my own affairs."

You will readily understand that to endeavour to set up a Republican form of government among one-fourth of the human race—400,000,000 people—in a country approximately as large as the nine provinces of Canada (I am speaking of China proper), with no common spoken language which all could understand, divided by great mountain ranges, and with no modern system of transportation, was a task almost beyond human capacity; therefore it is not surprising that from 1912 down to the present day there has been no strong government in China, except for a brief period when Yuan Shih-kai was President of China.

The present Government was set up by the Kuomintang party, the founder of which was Dr. Sun Yat Sen, the leader in the revolutionary movement which displaced the Manchus from the throne of China. In later years Dr. Sun Yat Sen devoted his attention to formulating the principles of his party and the form of government which he believed should be set up. The Kuomintang party, being a revolutionary party, fought its way to power by military force—led by the present President of China—as well as by propaganda, and has succeeded in dominating the whole of China. The three principles of the Kuomintang party and the avowed policy of the present Government are Nationalism, Democracy, and Livelihood. By Livelihood Dr. Sun Yat Sen meant decent living conditions for the toilers of China, which, if they could be brought about, would amount to a revolution in social and economic conditions in China.

The form of the present Government is quite unlike that of any other in existence in the world to-day. In some respects it resembles the Soviet form of government and in others the Fascist. The sovereignty of China—if one might so describe it—is vested in the State Council, of which the President of the National Government is Chairman. The National Government is composed of five departments, or *yuans* as they term them—the Executive, the Legislative, the Judicial, the Examination, and the Control. The Executive Yuan is the highest executive organ of the National Government. The Legislative Yuan is the highest legislative organ of the National Government; but, as all its members are appointed by the State

Council at the instance of the President of the Yuan, the Government does not appear to find any particular difficulty in getting its legislation passed. The members of this legislative body in China are more unanimous than even my friend Mr. Ferguson, the Prime Minister, has ever found the Ontario Legislative Assembly. (Laughter.) As a matter of fact, this legislative body is composed entirely of nominees of the Government, who pass upon the legislation submitted to them by the Government.

The Judicial Yuan is the highest judicial organ of the National Government, and corresponds to some extent to our Department of Justice at Ottawa and the Department of the Attorney-General in this province, although it has larger functions than either. The Examination Yuan perpetuates the old Chinese ideal that admission to the civil service should be based on educational qualifications and, as its name implies, it conducts the examinations for admission to public office. To some extent at least it exercises the functions of a civil service commission, although I am afraid they succeed in getting around their own regulations and restrictions as our governments are reported on occasion to do. The last of the five Departments is the Control Yuan. Its functions are auditing and impeachment. You will see that these two functions are very closely related. If they find as a result of an audit that a man should be impeached, this Department looks after that branch of the public administration. The Executive Yuan has established the ministries necessary to perform the functions of government. These ministries include, among others, Foreign Affairs, Home Affairs, Finance, Railways, Commerce and Labour, but those who are appointed to these ministries are not members of the legislative body as with us. They are appointed and may be removed by the State Council, at the instance of the President of the Yuan.

If you wish to see real party government you will find it in China. Their theory is that, as the people are not yet sufficiently educated in matters of government to permit of a popular vote, someone must represent and speak for the people; that the Government must be accountable to some body. And what better body could it be accountable to than the Executive of the Kuomintang Party which put the Government in power? (Laughter.) The Executive of the party claims and exercises the right to call the Government to account, if it does not act in accordance with the views of the party Executive. There are differences of opinion in China as to the extent to which the party Executive actually exercises control, but there is no doubt whatever that one of the practical difficulties of the present administration is the interference, not only by the Central Executive of the party but by the local party organization in the normal affairs of government. To illustrate: I asked a friend of mine, a medical doctor in one of the hospitals, "How are you getting along with the new Government?" He replied, "We get along very well with the government officials. Our principal difficulty is with the local executive of the Kuomintang Party. If they give us orders we must obey them, or we would be in serious difficulty." The party organization in certain parts of China gives direct orders as to what is to be done right over the heads of officials, and that is one of the practical difficulties which the Government and people of China face under their present system of government.

You ask if they have a real central government in China. They have a government which at least receives the nominal allegiance of all the people of China. They did not have such a government two years ago. For about ten years—say from 1917 to 1927—they had two governments in China, one in the North and the other in the South, with more or less continuous conflict between them. They now have one central government to which all the provinces of China acknowledge at least nominal allegiance.

You have all seen the reports in the press about the Civil War in China and the difficulties which the Government is facing. May I say that a Chinese war is not as sanguinary as some wars are? You may have a good deal of marching and counter marching, and many battles, without as many casualties as were reported in some of the skirmishes on the Western Front. Nevertheless they have had sanguinary battles with serious casualties, and great loss and distress to the people in the districts where the armies were operating. As I have explained, the Government was established by military force and it is maintained in power by military force. The present administration controls the central military forces, and the only way to change the administration—in other words, to hold a general election—is by military operations. The disturbances reported in different parts of China have not quite the same significance as they would have if they occurred in other countries. These disturbances are indicative of dissatisfaction with the present Government, and of a very earnest desire on the part of many to take the place of the present Government in administering the affairs of China. But however serious the difficulties may be between contending groups in China, all men of all shades of opinion are agreed in pursuing one great objective, viz., their determination to regain what they describe as the sovereignty of China, and to put an end to what they refer to as the unequal treaties between China and the foreign powers.

When one looks at the situation from the Chinese point of view it is not surprising that China objects to the continuation of existing conditions. On the other hand, it is not surprising that those who have large interests in China, built up in good faith upon the existing treaties, should be very apprehensive lest their interests and investments which are safeguarded by these treaties might be jeopardized, should the treaties be revised in accordance with the desire of the Government of China. These so-called "unequal treaties" to which the Chinese are so strongly objecting cover three matters of vital concern: First, the tariff; second, extraterritorial privileges of foreigners; third, foreign concessions and settlements.

Dealing first with the Tariff: You will recall that in 1842, as a result of the military operations by the British which are referred to as the Opium War, although vastly greater issues were involved than simply the question of selling opium, Great Britain succeeded in obtaining a treaty with China, known as the Treaty of Nanking, under which China agreed to open to foreign trade important ports of China which up to that time had been closed to trade as against all the world. By this treaty a fixed duty of five per cent. was imposed by China on both import and export trade with the British. This treaty was followed in 1844 by a Treaty with the United States, and in subsequent years by treaties with other foreign powers. These treaties contained what is known as "the most favoured nation" clause, which meant that, if China by any subsequent treaty granted any further or other concession to any other power, it automatically applied to all other treaty powers.

This control of the Chinese tariff by treaty continued from 1842 right down to the year 1929. For years China protested against being unable to determine her own tariff or to control her own fiscal policy. Those who live in countries which impose tariffs will be able to appreciate the point of view of the Chinese. In 1925 an International Commission, appointed under the terms of the resolution adopted by the Washington Conference (1921), sat in Peking to endeavour to agree upon a new basis for dealing with the tariff, as between China and the foreign powers, looking to the granting of complete tariff autonomy to China at an early date. This conference sat for many months but, owing to the lack of a central government in China, as well as to marked differences of opinion among the powers, no new treaty was actually agreed upon at the Conference. But an understanding was arrived at that they should all work towards granting China full tariff autonomy by the 1st of January, 1929. In the year 1928 the United States negotiated a new treaty with China, under the terms of which the United States granted China complete tariff autonomy; but as under the American Constitution all treaties must be submitted to the Senate for approval before ratification, the Treaty did not come into force until after the 1st of January, 1929. Great Britain was not advised of the negotiation of this treaty until after the treaty had been signed. In the year 1928

Great Britain also negotiated a new treaty with China, under which China was granted complete tariff autonomy. This was duly ratified and became effective before the American treaty came into force, with the result that Great Britain was the first power to grant China complete tariff autonomy. Canada and the other Dominions, through the British Ambassador, at the same time renounced all special tariff privileges under existing treaties, so that the British Empire as a whole participated in this grant of complete tariff autonomy to China. All other countries, except Japan, have now released China from the terms of the old treaties relating to tariffs. Japan's trade with China is larger than that of any other foreign country and she would be more affected by a change in the Chinese tariff than any other. Japan has agreed to recognize the new tariff proposed by China for the period of one year, and it was understood that an effort would be made during the year to agree upon the terms of a new treaty. I am not in a position to say whether a new treaty has been negotiated or not, but, subject to an agreement with Japan, China has now regained her complete tariff autonomy.

In this morning's press I notice that the National Government has decided that the tariff dues must be paid in gold rather than in Chinese depreciated currency. This is a striking evidence of China's control of her own fiscal policy. It was inevitable that this change should come. Most people will agree that China had just ground for claiming it, and the negotiation of these new treaties is a very real achievement to the credit of the present National Government of China.

Second, Extraterritorial Rights: The extraterritorial rights and privileges of foreigners arose under the same treaties as fixed the Chinese tariff, and these privileges arose quite naturally at the time when foreigners commenced to trade with the Chinese. When foreigners commenced their trade, and particularly when foreign settlements were established in China, the question immediately arose—should the foreigners be subject to

Chinese law or should they be judged by their own law? It would appear that at that time the Chinese were prepared to let the foreigners judge their own nationals and punish them, rather than take upon themselves the responsibility of administering justice in the foreign settlements. On the other hand, by reason of the character of the Chinese law, particularly the Criminal Law which was looked upon by the foreigners as barbarous, the foreigners were exceedingly anxious not to come under Chinese jurisdiction. But whatever the cause, impliedly under the British Treaty of 1842 and clearly under the American Treaty of 1844 and under all the subsequent treaties, by reason of "the most favoured nation" clause, extraterritorial rights and privileges were granted, and no foreigner whose nation possesses extraterritorial treaty rights is subject to Chinese law. He cannot be punished under Chinese law for any offence committeed by him; he cannot be sued in Chinese courts for any civil claims. He must be tried for any criminal offence by his own consuls or by courts set up by his own nation, and in the case of a civil claim by a Chinese against a foreigner the Chinese must proceed before the foreign consul or court. On the other hand, if a foreigner wishes to proceed against the Chinese he must go into the Chinese courts. The proceedings must be taken in the court of the defendant.

Owing to the extent of British interests in China, Great Britain has established a High Court of Justice in China for the trial of both civil and criminal cases, with the necessary judges and staff; and this Court has now been functioning for many years. The United States has also established a similar court. I cannot speak as to other countries, but where they have not established courts the cases are tried before their consuls. Many of these consuls have no special legal training and have been appointed for other purposes than the administration of justice. One can readily see how this state of affairs, in a country where national sentiment is rapidly developing, would lead to a great deal of national irritation and ill feeling. One of the main planks of the platform of the present Government is the abolition of these treaties which confer these special privileges on foreigners.

During the early part of the present century, Great Britain took the position that she was prepared to relinquish her extraterritorial rights and interests, so soon as China had developed a modern system of law and of courts to administer the law, so that British interests might be safely entrusted to Chinese courts. All other foreign powers have since taken the same position, and at the Washington Conference it was decided that an international commission should be appointed to sit in Peking, to investigate how far China had established a modern system of law and modern courts to administer the law. This was done with a view to reporting whether the conditions had been complied with upon which the foreign powers would be justified in relinquishing their extraterritorial rights. This Commission sat in Peking, made a careful investigation into the situation, and reported that, while China had made substantial progress both in the introduction of modern codes of law and in the establishment of modern courts, yet much remained to be done before the conditions would be fulfilled upon which the foreign Powers had agreed to relinquish their extraterritorial rights.

The present National Government insists that progress has now been made to the point where they are justified in asking foreign powers to surrender these rights. Negotiations have been going on for a year or more between the National Government and the Ministers of the foreign Powers, the National Government taking the position that, unless an agreement were arrived at before the 1st of January, 1930, for the relinquishing of these extraterritorial rights, China would be compelled to take unilateral action by denouncing these treaties and bringing all foreigners under Chinese jurisdiction. This was not a course which the Powers would wish to see pursued; nor was such a course in the real interests of the Chinese themselves, because it would lead to inevitable conflict between China and the Powers. On the other hand, one must bear in mind that the present National Government is faced with a left wing very active and very aggressive, and if the Government is not pressing steadily and vigorously for the abolition of these rights they would be subject to severe attack by the left wing, and the left wing might possibly cut the ground from under them. When one reads a declaration issued by the National Government of China denouncing extraterritoriality and saying that it must end, one must read it as not only a communication to the foreign Powers, but also as a political proclamation for the information and satisfaction of the supporters of the Government and the people of China.

By the Treaty of Versailles, Germany was compelled to surrender her extraterritorial rights and privileges in China, and by the Sino-Russian Agreement of 1924 Russia surrendered her extraterritorial rights, so that neither Germans nor Russians enjoy any extraterritorial privileges in China at the present time. The Governments of the other Powers have adopted a sympathetic attitude toward Chinese aspirations. They have said in effect, "We must recognize that these extraterritorial privileges must speedily come to an end; we are prepared to negotiate with you looking to their termination at an early date, and as soon as we can be satisfied that conditions warrant such action." The National Government has issued a declaration that all extraterritorial rights and privileges should cease on the 1st of January, 1930, and that instructions should be given to the appropriate authorities to take steps toward the carrying out of this decree. The British Government has received this proclamation sympathetically, and has declared through the British Minister that Great Britain does not object to China claiming that the abolition of these rights commences on the 1st of January, 1930. In other words, they have met the present Government to the extent of saying to them, "You can make effective your declaration to the extent at least of commencing the work of abolition; we will enter into negotiations with you looking toward the gradual abolition of these rights."

The foreign residents of China are naturally quite concerned over the situation, and are reluctant to being made subject to Chinese law and Chinese jurisdiction.

Third, Concessions and Settlements. Shanghai is the most striking illustration of a foreign settlement in China. It is one of the greatest shipping ports of the world, and through this port more than one half the entire foreign trade of China passes. It is a foreign city or settlement that has been built up by the ability, industry and constructive genius of British, American and other foreign residents. It is in truth a very great city, with, on the whole, excellent municipal government carried on by councillors chosen by the ratepayers, on a restricted franchise. The foreign population of Shanghai, which controls its municipal government, is less than 50,000; the Chinese population is between one and two millions. Until the year 1927 or 1928 the Chinese had no representation on the Municipal Council, although they paid by far the greater part of the taxes. When I was in Shanghai in 1925 this was one of the great grievances of the Chinese citizens. They had no representation on the Council, and public parks within the International Settlement were reserved for foreigners. This was looked upon by the Chinese as a great indignity. I am glad to say that both these conditions have since been changed. The Chinese now have three members on the Municipal Council, and the parks are all open to Chinese on the same basis as to foreigners. My visit in 1925 was in September, and you will recall that on May 30th, 1925, a member of the Shanghai police force shot certain students on the street facing the Louisa Street police station, and this incident set China afire. At this time the tension between the Chinese residents of Shanghai and the foreign residents was very great. In Shanghai you have a city within China, owing nominal allegiance to China, but over which the Chinese Government has no real control; and they cannot collect taxes from the foreigners within Shanghai. There are many foreign concessions in China, not nearly so large as Shanghai, where the conditions are somewhat similar, although not identical. The Chinese take the position that these conditions cannot continue; that the concessions must be restored to them; that China must exercise sovereignty over all the people in China. Already several concessions have been surrendered to the Chinese, Great Britain taking the lead in this surrender. It will require great skill and patience on the part of both the Chinese and the foreign Powers to reach the best solution of these difficult problems, but I am glad to say that the atmosphere has greatly changed since I was there in 1925, and there is no such feeling of tension to-day as there was then.

One of the things that most impressed me in 1925 was the spirit of hostility against the British. In the anti-foreign movement they had made their principal attack on the British. I believe two main reasons led to the British being so singled out for attack: 1. That Great Britain had the largest interest in China, and if they could successfully attack the British that would mean the capture of the whole foreign front. 2. In this anti-foreign movement they were aided and guided by Russian advisers who encouraged them to concentrate their attack against the British. At that time Russian influence was dominant in China. On my recent visit to China one of the things that most impressed me was the complete reversal of that situation. To-day the official relations between Great Britain and China are most cordial, probably more cordial than between China and any foreign power, except possibly the United States. On the other hand, Russia has entirely lost her influence with the present Government of China, and you will recall that over a year ago the Russian Ministry was raided by the Chinese Government and the Russian Minister notified to leave China. One should not, however, overlook the fact that Russian communistic and anti-imperialistic propaganda made great headway with large numbers of the people in China, and undoubtedly in the left wing of the Kuomintang Party there are many who believe in the Soviet principles.

It would look as if certain practical steps were now being taken to endeavour to work out a solution of the difficult question of the relation of Shanghai to the National Government of China. Quite recently the Shanghai Municipal Council, composed of British, American, Japanese and Chinese members, unanimously invited the Hon. Mr. Justice Feetham, of the Supreme Court of South Africa, to come to Shanghai and study the problem from an independent point of view, and recommend to the municipality some possible solution which they could present to the Government of China. Mr. Justice Feetham was Chairman of the Boundary Commission appointed to de-limit the boundaries between Northern Ireland and the Irish Free State. In this, as well as in work he did in India, he has shown great aptitude and capacity for studying out and finding solutions of difficult and complicated problems of government. One is very hopeful that with patience and forbearance on both sides some satisfactory solution will be found, which will enable Shanghai to maintain her great place and her efficient form of municipal government, while at the same time fully recognizing Chinese sovereignity in all national matters. It is to be hoped that, as a result of closer collaboration between the foreign Powers and China, the whole question of settlements and concessions may be satisfactorily worked out.

One of the greatest difficulties in the present situation is the absence of a strong central government in China, which can enforce its will throughout China. If such a government existed, the Powers could enter upon negotiations with confidence that agreements entered into would be fully and effectively carried out. Unfortunately such a government does not exist to-day and no one can predict when such a government will come into existence. One must recognize, however, the difficulties which face the present National Government of China. Practically every foreigner with whom I discussed the matter in China was of the opinion that the present National Government, with all its drawbacks and handicaps, was better than any other government in sight. If the present National Government were defeated, the tendency would be for a movement to the left, and any government which the left might form would be more hostile to foreign interests than the present Government. I therefore found that many men, who doubted the ability of the present Government to maintain its position, still earnestly hoped that it would be able to do so, and the more recent developments in China would appear to indicate that the Government was overcoming some of the difficulties which appeared to be very acute when I was in China in October last.

We must not overlook the great task which the present Government of China is attempting to achieve. A relatively small group of men are endeavouring to change in the course of a few years the entire political, judicial, educational, and to some extent the social, institutions of more than 400,000,000 people, who have no common spoken language which all can understand; who have not been accustomed to participating in the government of their country, and who have no modern systems of transportation by which they can readily travel from one part of the country to the other, for the railway mileage in China is very largely limited to the eastern and central portions of China. They are attempting a task of government greater than has ever been attempted before by any men in human history. Their task is great and difficult beyond our comprehension. I therefore submit to you that, though we may feel like criticising, though we may feel that the Government is extreme in its attitude on some of these questions, we should rather approach the consideration of all these matters with sympathy for these men in the gigantic task they are facing. We should wish them success in their efforts to establish stable governmental institutions, in which democratic ideas shall find expression in a country and among a people with a culture, literature, art and architecture which had reached a high degree of perfection before our forefathers even adopted settled habitations in Great Britain—a culture that goes back at least four thousand five hundred years. The present Government is meeting and will continue to meet with great difficulties; its personnel may change; its personnel no doubt will change, but one ventures to believe that the patience, the persistence and the forbearance of the Chinese people will triumph in the end, and that they will succeed in establishing a government that will deserve and will command and receive the respect of the other nations of the world. (Loud applause.)

THE BIRTHPLACE OF SOUND

AN ADDRESS BY O. R. HARVEY, MANAGER, RESEARCH PRODUCTS DEPARTMENT, NORTHERN ELECTRIC COMPANY, LIMITED.

23rd January, 1930.

Mr. Harvey was introduced by VICE-PRESIDENT TYRRELL and said: I am not unmindful of the honour that you have done to me and to the organization I represent in inviting me to accept your hospitality and talk about Motion Pictures. I noticed on your announcement card a statement that the subject of Talking Motion Pictures was discussed at the last Imperial Conference. I do not know whether you expect me to talk along that line to-day, or not. If so, I am sorry I will have to disappoint you, because I feel that the subject is a little too broad and too wide for me to tackle.

May I say, though, that I feel it is just as foolish to ask a man who has never had any experience, say, in making fine watches to proceed and turn out a watch, which would be as good as a watch made by a man who had spent his life in that trade, as it is to ask an inexperienced producer to turn out good pictures. Our friends below the Border have been in the motion picture business for years, ever since its inception; they are up-to-date; they know how to produce motion pictures, both talking and silent. They are not unmindful of the export business, which is as important to them as is their domestic business, and you may rest assured that the production of motion pictures, both silent and talking, coming from Hollywood, will be such that they will not to any extent hurt our relations in so far as our present nationhood is concerned. I would welcome, as much as everyone else, productions made in England, made in Canada; but after all, you and I and the other members of the theatre-going public are the final critics and judges of what we shall see; and if you and I keep going to the productions shown, made by our friends below the line, they will continue to come. Other than that, I have nothing to say in connection with motion pictures as affecting Imperial relations.

It is wonderful to think of the effect on our lives and on our civilization of one single discovery. Back in 1769, when Watt watched the lid of his mother's kettle rise and fall, his observations led to the discovery of the steam engine. That discovery brought into our lives the railways, steamship lines, the methods of manufacturing in the factories which so increased production and decreased cost. Think what and where we would be if that discovery had not been made. And so with electricity. I like to think of any original discovery of that nature being parent—the father, if you like—of a long line of illustrious descendants. I like to think of the descendants of electricity as those big utility companies, if you will, which supply us with our electric lights, our power, and the means of using appliances that so lighten the labour of to-day. I like to think of the incandescent light business as an illustrious son. I like to think of those manufacturing transmission and distributing apparatus as another one. I like to think of the telephone and the radio as others; and I like to think of the talking motion pictures as still another offspring. I also like to think, as Sir John Harvey reminded me a few minutes ago, that Old Father Electricity is by no means of that age that we cannot expect more children (Laughter), and I look forward, as the years roll by, to still further and greater developments in the field of electricity.

To deal with the real subject of my discourse to-day—Talking Motion Pictures—I would like you to bear with me for a few moments while I trace briefly the history of this new art. Talking motion pictures are no new thing. As a matter of fact, the conception of talking motion pictures falls very shortly after the commercialization of the motion picture itself. As far back as 1912, demonstrations were given of talking motion pictures. Unfortunately at that time the art of radio and the telephone art had not progressed to the stage at which they are at present, and it was impossible to give a satisfactory quality which would be acceptable in theatres and commercially. In 1920 and 1921 a further attempt was made to commercialize talking motion pictures. This attempt was also doomed to failure, for this same reason. In 1922, the Bell Telephone Laboratories in New York became interested in talking motion pictures through their study of acoustical problems dealing with the telephone business.

Here let me digress just a moment to pay tribute to large industrial organizations which have enough foresight and faith to cast their bread upon the waters. I might cite, as an example, the Bell Telephone Laboratories—a large non-productive organization in the ordinary sense, in that it engages something like 6,000 employees, all graduates of universities throughout the world; and I might say that our own Canadian universities—Toronto, McGill, Queen's, and the other smaller universities—contribute a great number of their graduates each year to this organization. The Bell Telephone Laboratories spend millions of dollars each year. I understand that their budget this year is $19,000,000 and all this money and all this time is put into pure research work.

I often think what a wonderful thing it would be if we had more of such research organizations, and I am glad to see that the Dominion and the Provincial Governments are setting aside appropriations to engage in this all-important research work. I often think that, if a number of years ago we had had research organizations such as this in the interest of science, the problem of so-called incurable diseases would not be problems very long; that cancer, of which we read so much, and other similar diseases, if attacked in the right way by the right people, would be found curable.

To go back to the Bell Telephone Laboratories, let me say that they have done a wonderful work, and they will produce in the future still more wonderful things. To a large extent they are responsible for the development of radio, the development of broadcasting equipment, the development of trans-Atlantic telephony, the development of the artificial larynx, the audiphone for testing hearing, and permalloy which enables telegraph cables to carry several times the load which they were previously able to carry, and dozens of other very interesting and very useful developments.

The Laboratories worked until 1925 on the development of talking motion pictures, and in 1925 they felt that they had a product which could be commercialized. They approached several large American producers and tried to interest them in the process, but they did not meet with a very cordial reception; and it is a peculiar thing that at that time the motion picture industry, as far as both producers and theatres were concerned, was perhaps at the lowest ebb that it ever has experienced since its inception. However, Warner Brothers, at that time one of the minor producers, might I say, were persuaded finally to take out a license and start into the production of talking motion pictures. They were probably a little afraid to have their name associated with the business, because they immediately formed a subsidiary known as the Vitaphone Corporation to handle that end of the business.

A picture was made by John Barrymore, and it was shown in the Warner Brothers' theatre on Broadway on August 6th, 1926. The picture was only moderately successful. At the time the newspapers of the day carried comments from the various heads of the large producing organizations, and it is interesting now to look back and read those comments made by those men. I think without exception they all stated that the talking motion picture business was simply a novelty, something that would last a few months and then wear off. In the light of our present day developments and its almost universal acceptance, as I say, it is interesting to note those comments.

The second picture was made shortly afterwards, and really turned the tide in so far as this business was concerned. That second picture was "The Jazz Singer" by Al. Jolson, and its success was instantaneous. Box-office receipts doubled and trebled in the course of a fortnight. Producers immediately saw the handwriting on the wall, and there was a grand rush to secure licenses and recording equipment. Theatres also saw the handwriting, and there was another rush to secure reproducing equipment.

I might say that our American factory at the time found it necessary to work twenty-four hours a day, and to spend millions of dollars in additions to their plants in order to take care of the business offering. The effect in Hollywood was tremendous. The stars of the past—beautiful women with lovely contours, slim ankles, beautiful faces, but with voices like crows—were passé (Laughter.) Elocution schools sprang up over night; and the situation was saved by the fact that a number of old legitimate actors and actresses in the movie colony were able to carry on and to bear the brunt, and, to their credit be it said, they did a good job.

Producers' studios, in which they had invested millions of dollars, became obsolete over night. It was necessary to build sound stages; to entirely reconstruct their lots; and when I tell you that since 1926, $500,000,000 has been spent by the motion picture industry, you will grasp some idea of the changes that were necessary.

I must hurry to a conclusion. To give you a few facts, there are about 37,000 motion picture houses in the world. Up to the present time there are approximately 10,000 of those equipped for "Talkies". Of those 10,000, I am glad to say, our organization has equipped about 4,500, which are scattered about in forty-four different countries. In Canada we have approximately 1,100 motion picture houses, and of those there are approximately 350 wired. Of that 350, I am glad to say, our organization wired the 200th on Monday last.

New developments in the art include the introduction of colour. Great strides have been made in the use of colour in motion pictures, and you will note that the latest productions almost invariably show at least part of the picture in technicolour. Another development is the introduction of a third dimension, which is secured by the use of wide film. Demonstrations are being given, as a matter of fact, in one or two theatres in New York, running on this three-dimension picture. There are only a few difficulties to be ironed out, and I assume that in the course of a few months our largest theatres, at least, will be equipped to show the third dimension, or depth as well as length and breadth. Television is still very much in the experimental stage. I cannot see where television can possibly come into the entertainment field for a number of years yet. It is true that demonstrations are being given, and successful demonstrations, but there is a lot of work to do and a long way to go before it can replace our present methods of reproduction.

One thing more. I believe that we are entering into another field for the motion picture, and especially the talking motion picture. While in New York a few weeks ago, I was very much interested to see a talking film, made in Chicago by one of the noted surgeons there, showing a cancer operation. The camera was mounted just above the patient, so that every movement that the doctor made was magnified, and was clear—as a matter of fact, clearer than you could see it with your naked eye. As the cancer operation went along the doctor explained exactly what was being done, so that even I, as a layman, although my stomach was not so good, thoroughly understood what was going along. I am just telling you that to point out the tremendous possibilities the talking motion pictures have in the educational field. It is hoped that a library will be built up, not only for medicine, but in the elementary educational field as well, so that the most learned professors and teachers can give their lectures on their own particular subject, and that these can be distributed, in turn, to every school and college and university throughout the whole country. (Hear, hear.) There are a good many troubles to iron out in that, but I do not think there is any doubt whatever that in a few years that development will be universally accepted.

The same thing applies to religion, in that the most noted preachers in the world can give sermons which, in turn, may be distributed to various denominational churches throughout the country. In industry the same thing applies. High executives of a company now find it necessary to visit their various branches or dealers throughout the country, and they probably spend three or four months a year on the road. They can now sit in their own offices and tell their story to branch managers or dealers, and thus save all travelling expenses and time —giving them more time to play golf. (Laughter.)

Now, I have here a portable equipment, and I have two reels, one showing shots in the Bell Telephone Laboratories, which is interesting, and another called "Finding His Voice"—a cartoon, showing how talking motion pictures are made and reproduced. I will now ask the boys to commence with the pictures.

The pictures were then shown, and excited great interest and laughter.

Sir John Martin Harvey, in a witty speech, presented the thanks of the Club to his talented namesake for his very interesting address and exhibition.

THE FREEDOM OF THE SEAS

An Address by H. F. MUNRO, M.A., LL.D.

30th January, 1930.

President Spence introduced Dr. Munro who spoke as follows: Let me first thank you for the honour of the invitation to address you a second time. I think it is about two years ago that I had the pleasure of speaking to you on "Canada and World Politics". When I was asked to address you this winter I noticed that the date of the invitation coincided with the coming Naval Disarmament Conference, and, as the crux of any Disarmament in Naval matters is really the question known as the Freedom of the Seas, I thought possibly it would be in order to give a few remarks on that very important subject. I understand that it is not coming up as such, but it really hovers in the background.

On the day the Conference opened, a newspaper despatch reported that in the British House of Commons a question was put as to whether any, and if so what, steps were being taken to consider how far Great Britain could accept the Freedom of the Seas, and Premier Ramsay MacDonald stated that his Government was not in communication with the United States on the subject; they had not the question under consideration. Asked further if the question of the Freedom of the Seas had been raised at the Naval Conference, Mr. MacDonald replied in the negative. Possibly it may not be on the agenda, but before any large instalments of disarmament can be secured, certainly before world peace can be established, the age-long question of the Freedom of the Seas must be settled as between Great Britain and the United States. While this is my main topic to-day, I may be permitted briefly to discuss the origin of the present Naval Conference, and inquire why it has come up at this particular time.

You will recollect that when the League of Nations was founded a great burst of idealism swept over the world. The war was fought to end war. Everybody felt that all we had to do was to meet in solemn assembly and duly pass a motion that there should be no more war, and wars would thereupon cease. However, something had to be devised as a substitute for settling international disputes, and of course the watchword was Arbitration; for the first two years after the war we sought to devise instrumentalities for Arbitration. The League of Nations, especially the Council, was set up to settle disputes as they might arise. It was not water-tight, however; there are certain situations in which war might eventuate even after the Council of the League has tried to settle disputes. Then there were various items of arbitral treaties between states, arbitral tribunals; but the greatest effort was to establish the Court of International Justice. The nations, however, have not yet agreed to refer all their disputes to the Court of International Justice.

Now, with all this idealism running high, with those various situations settled by arbitration, why was it we just fell short of abolishing war? Another principle was in men's minds—the question of Security. We did not move along the path of arbitration long without coming up "bump" against the question of security. Nations are not yet prepared to arbitrate their differences until they are assured of their national integrity; so that about twenty-four of the nations began to explore that question. Then followed in rapid succession a series of arrangements—treaties, pacts, etc. We had, first, the Treaty of Mutual Assistance; and, a year or two later, we had the famous Geneva Protocol. Both fell by the board because they tried to get a large blanket agreement to cover all the nations of the world. It was found that the general guarantee differed, and the time was lost. So they started on another tack and began to draw up particular treaties of guarantee, the most important one of which to-day is the Locarno Pact, which guarantees the integrity of the nations in the vicinity of the Rhine. Then came the

Kellogg Pact, and all this time, having these pieces and half-pieces of arbitration, these pacts of security, the world was ready to discuss, not total disarmament, but an instalment of disarmament. Hence to-day the five great Powers are meeting in London to discuss some measure of Naval Disarmament.

Two years ago a Commission, appointed by the League of Nations, met at Geneva to explore the question of Disarmament, and they did not get along very far in their investigation before they saw that World Disarmament depends to a large extent on Naval Disarmament, because one of the fundamental principles of diplomacy, of world politics, is that sea power is world power. If you take a long view of history, you find that all the great conflicts that have established world empires and world powers are largely based on sea power.

But I wish to point out something that is not always pointed out by writers on world politics—that world dominion, world empire, depends on a union of military and naval powers. The most thoroughgoing example of that in history was Rome. The real reason why she persisted for centuries as a world power was that she joined supreme military power with naval power, and ever since the days of Rome the world—subconsciously, it is true—has insisted that naval power and military power shall not rest in the same hands. Hence in European history for the past four or five hundred years, from the point of view of world politics, there is a continued struggle between great military powers and great naval powers. The real menace to the national integrity of all states in the recent war was the imminent danger that Germany would unite supreme military power to supreme naval power. If that had been done, probably Germany would have had a history like that of ancient Rome, and for centuries, as far as we can predict, Germany would have been the supreme world power.

Now, the principal function of naval power during the past four hundred years has been to strike down those military powers that have threatened world domination;

and the sea power that has done that repeatedly is the sea power of Great Britain. She struck down the Armada, the power of Louis XIV, the power of Napoleon, and finally the power of Germany; and, when the British Navy comes into port for the last time, she can look back on a record of work well done (Applause)—probably the greatest single contribution to modern world liberty as we would have it, to democracy, and to the integrity of nations. These have been brought about by the British Navy.

The real problem in this Conference, as in all conferences, is to find a formula. That is the real function of the diplomat. He has to face a certain situation. He tries it at first with a certain formula, which does not work. Other diplomats are in the same position, so they get together and finally agree on another formula, very often the reverse formula. They finally find a formula that will work, and a certain measure of success will be secured. Booker Washington used to tell of an old darky who wanted a turkey for Thanksgiving; so he prayed very long and fervently, "O Lord, send a turkey to dis nigger." Day after day passed, but no turkey. Finally, on the night before Thanksgiving, Sambo put on his thinking cap, and thought long and wisely, and finally decided to vary his formula, and then he prayed, "O Lord, send dis nigger to a turkey." He found him that very night. (Laughter.) It will be interesting to watch this Naval Conference to see how, day after day, after discussing global tonnage and naval tonnage, etc., the Council may agree on a formula which will solve in a general way the question of Disarmament.

However, that is not the immediate topic that I wish to discuss, but rather the question of the Freedom of the Seas. It is a big subject, but I propose to discuss it rather from the strict legal point of view; to try to show in a few words what has been the real issue between Great Britain and the United States in naval matters for over a century. The question was placed fairly before the world by Mr. Hoover in his Armistice Day address last year, when he discussed the whole question of naval matters very fully. He said, "There is another of those age-long controversies which stirs men's minds and their fears; that is, the so-called Freedom of the Seas. In reality it is simply the right of private citizens to trade in time of war, for there is to-day a complete Freedom of the Seas in times of peace."

Now, let us come back to the fundamental principles for one moment. In world politics there are a few fundamental principles, which every student of history can trace if he takes the long point of view. For instance, the principle that explains the history of France for the last six hundred years has been that of Natural Frontier. France has endeavoured to get to the frontiers dictated to her by nature—the Pyrenees, the Alps, and the Rhine. She has gone to the two mountain ranges, but never succeeded in getting to the Rhine; hence the effort she is making in European affairs, of expansion to the Rhine.

What has been the fundamental principle of Great Britain? Simply Sea Power. There are other objects of that power at different times, but her first aim is to command the seas, for her purpose is to exhaust and fulfill her function as a power. Sea power, with Britain, not only means world power, but it is the very life of Great Britain. Ramsay MacDonald said the other day, "The Navy is Us." There has been some discussion on the question whether he was using correct English, but the Navy is Us, and he spoke a very fundamental truth there.

In fact, Great Britain feels that she must command the seas. More than ever now she must command the seas, because she cannot feed herself more than a month. She must bring home her foodstuffs and cargoes, and her life is by the sea; she rises and falls by the tide. Sea power was brought home to me as a youngster studying the classics. I was reading the account of the war between Athens and Sparta, known as the Peloponnesian War. Athens was very much like Great Britain; her Empire was based on the seas; she depended on the sea; she was a mere city there, but she had a great colonial empire, and her commerce was sea-borne. Sparta was a land power, and they went out and fought for twenty years. The navy of Athens was caught napping one day, and she fell, and then the news of the defeat of the Athenian Navy reached Athens, and the historian Xenophon said, "No one in Athens slept that night"—one of the most forceful statements in the history of mankind. When we received the first report of the Battle of Jutland (you remember that it was an incorrect report), the British Admiralty did not tell us all the facts, but they recorded the losses of the British Navy in that battle; don't you remember that you did not sleep very well that night? Because we knew, subconsciously, that the jig was up if we failed in our sea power; and Germany and Russia felt that. The Americans can exist without sea power, but we cannot. Our Empire is based on the sea.

Now, what is the fundamental principle of the United States? What has been the great contribution of the United States to International Law? It is the doctrine and principle of Neutrality. When the United States was founded they said, "We want nothing to do with the European system, the system of Triple Alliances, and Pacts, and all that sort of thing. We are in a new world, we have new ideas. We have left the old world behind. We are inclined to be neutral in time of peace, and in time of war we will trade with everybody." Here we have the two principles in opposition, especially in war-time. Great Britain feels she must control the sea; the United States, being a trading nation, not aspiring to be a great military or naval power, says, "We want to be able to trade with everybody." The opposition of those two principles really constitutes the question known as the Freedom of the Seas.

Now, a few words on the legal situation as it has developed in the last century or two. When commerce began to pick up after its long sleep in the Middle Ages—because commerce in the Middle Ages was really piracy —when it began to regulate intercourse between nations it had to face wars pretty often; the normal condition of Europe was war. How was commerce treated in time of war? Well, there was one fundamental rule—that enemy private property is liable to capture. That is still the practice in time of war. Many publicists from time to time have advocated the immunity of private property from capture at sea, but so far that rule has not been adopted. But what about neutral property in time of war? There are two main situations in which neutrals can get mixed up with belligerents as far as property is concerned. One is the case where enemy property is placed on a neutral vessel, and the other is the case where neutral goods are placed on an enemy vessel. How are we going to treat those two cases?

Great Britain and France, then two great naval rivals, treated those questions differently. With respect to enemy property placed on neutral vessels, France was inclined to be liberal—I say inclined to be, because in practice she followed Great Britain—she was inclined to be liberal, and reasoned that because the goods were on a neutral vessel, on a free vessel, therefore the goods should be free. In other words, she stood for the principle of free ships, free goods. Free ships could give immunity to any goods on those ships. Great Britain was opposed to that; she did not adhere to the doctrine of free ships, free goods.

What about the other situation, where neutral goods were placed in enemy vessels? Here England was inclined to be liberal, and France to be strict. England was inclined to say, "We will capture the vessel, but we will let the goods, if neutral, go free, at any rate." France was inclined to say that, because the goods were on an enemy vessel, they were enemy; therefore she enforcd the other rule.

That, at any rate, ruled during the centuries, but in the Crimean War France and England were allies for the first time in many centuries. When the question arose as to which principle they should adopt, England gave up her practice in regard to the free ships and free goods, and France gave up, "enemy ships, enemy goods". This was made known in the Declaration of Paris, which was drawn up at the time of the Peace Treaty that settled the Crimean War. It is a declaration that did four things —abolished privateering, defined blockades as something that must be located and confined to actual ports, not paper blockades; but it adopted the rule, "free ships, free goods", and opposed the rule, "enemy ships, enemy goods". That is now part of the International Law of to-day, and there is no further question raised as to that. However, the United States did not adhere to that Declaration of Paris, though most other nations of the world adhered, because the United States wished to go further and abolish the capture of private property altogether at that time. You can see why. The United States at that time was a great trading nation, but not a strong naval power, and naturally she wished the more liberal rule.

The rule in International Law, therefore, generally, is that neutral property must not be seized if it is not contraband, or if it is not going to break a blockade. There's the rub. Contraband articles going to the enemy of course are not permitted by the opposing belligerent to reach the other belligerent, and when there is a blockade raiders must keep away. But these two rules have enabled belligerents to get around those other principles that are established. It is that particular question that defines the question of the Freedom of the Seas.

The only way to understand world politics is from history, and I need not apologize for making these political excursions. It was the Seven Years' War that gave Britain her Empire—gave Canada and India and other parts to Great Britain. As usual, that war was not very old when Great Britain got command of the seas, and France could not bring home her cargoes from her colonies, especially from the West Indies. That trade was a closed or coastal trade. France did not let any other nation come in and trade between herself and her colonies, but when she could not keep her seas she threw the trade open to the neutral shipping, and the Dutch and Swedish boats were carrying home the cargoes to France. Naturally they ran into the British cruisers, which did not seem inclined to let those cargoes go to France, but took them to England and put them into prize ports. The rule of 1756 to this effect—that trade that is ordinarily closed in times of peace to neutrals cannot be thrown open to them in time of war; otherwise their vessels will be subject to capture—was put into effect, so they were captured and condemned.

The next war was the Napoleonic War, and by this time the United States was in existence, and was a great trading nation. Again France could not put to sea. Again she had to throw her colonial trade open to neutrals, and the Americans, by this time, shared in that carrying trade. The shrewd Yankee skippers had no intention of sailing direct from the French West Indies to France. They knew the rule of 1756 was against them, but what they did was to come up from the French West Indies to New York or Boston or Salem, sometimes unload their cargoes and put them on again, and then sail across. Then if they met a British warship they said to the commander, "Oh, this is not violating the rule of 1756; this is a voyage from an American port to France, and we have the right to say, 'free ships, free goods.'" The British commander would say, "No, not on your life; we will put you in prize port."

At that time there was a very famous Judge in Admiralty, who practically made all modern prize law—Lord Stowell. He was thirty years in Admiralty, all through the period of the Napoleonic War, and he devised the new doctrine, really based on the old rule of 1745, known as "Continuous Voyage". He said to the Yankee skipper, "No, you don't; that is not a continuous voyage from New York to France; you really intended that the goods got to France; this is only a blind. The voyage, in effect, was continuous from the West Indies to France, and the little stopping places you imposed in the meantime." This famous doctrine of Continuous Voyage helped Britain to win the war. The Americans protested, but they did not have a large navy, although they did fight in the war of

1812. The Americans have been in two great world wars for exactly the same reason—their rights at sea. They fought Britain in 1812 for the same reason—the right to trade in time of peace.

The next great war that involved naval operations on a large scale was the Civil War in the United States, and this time the United States was the belligerent. You remember that the United States instituted a blockade that was iron-clad, just as rigid as any blockade that ever existed. Ultimately, they starved the South out. That was a case where the war was won on the sea again. The South could not live, and could not send her cotton out, so a line of blockaders sprang up, coming from Nova Scotia and elsewhere, and they tried to break the blockade to the South. They, too, were not such fools as to think they could sail direct to the South with their cargo, so they sailed to Nassau or Bermuda, and other places which constantly supplied Liverpool, that great entrepot of commerce. They bumped into the American cruisers, too. The boot was on the other foot now. What did the American cruisers do? They said, "Continuous voyage, if you please; we will just apply the rule of Lord Stowell; you had no intention of bringing these goods simply to Nassau; you intended them for the South, which would be the ultimate destination." So the Americans put a sort of refinement on the doctrine of Continuous Voyage, which was known as the doctrine of "Ultimate Destination". Those goods from St. John or Boston were sometimes stopped at Nassau, sometimes at Bermuda, but ultimately destined for the South, and the papers, if honestly examined, showed that. Therefore the United States Supreme Court and Prize Courts condemned those British ships on the doctrine of Ultimate Destination.

But I want to show you where they stopped. They did not condemn the cargo that was sent out on speculation to take a chance market. A man in England said, "There is a great demand in Nassau; I will send a cargo out there for speculation; perhaps Southern buyers will come and buy it." It was not destined for the South; ultimately it was going to be consumed in the South, evidently, but the American Prize Court did not condemn on the ground of consumption; they did condemn on "Ultimate Destination", and stopped at that.

There were hundreds of seizures during the American War, but there was one that became important, and it helped us to win the war. There was a vessel called the *Springbok* that was seized about 150 miles east of Nassau, a British barque laden with goods that were not contraband, to speak of. The vessel clearly was only going to Nassau, but the Supreme Court condemned her on the ground that her cargo was destined for the South. The owners protested, and wanted the British Government to take the case up, but there seems to have been some wise old owl in the British Admiralty then who noted the value of this decision to Great Britain. We know nothing of the opinion of the British Foreign Office then, in 1863, but in 1900, when the Boer War was on, Great Britain seized some German vessels coming to the Boers —the Boers had no boats—and the Germans, in their correspondence with Great Britain said, "Oh, you protested against the *Springbok* decision in 1863, and this is exactly like it." Great Britain then published a White Paper showing that, so far from protesting against the *Springbok* decision, she supported it. Then what happened? When the Great War broke out there was a great deal of shipping, a great many cargoes sent from the United States to different countries, and if they were for Germans the British began to seize them. Of course, the American State Department protested, and Sir Edward Grey would elevate his eyebrows and say, "Oh, the *Springbok*!" and Mr. Lansing would put his tongue in his cheek, and say, "Oh, yes, the *Springbok*", and that is all there was to it. The *Springbok* was worth a whole fleet of cruisers to them; it helped them to win the war. Great Britain did not stop short of "Ultimate Destination".

I am trying to show the development of all that is legally, theoretically, known as the Freedom of the Seas. We first had the rule of 1756; then "Continuous Voyage", then, "Ultimate Destination"; then Great Britain took the last step and adopted the principle of "Ultimate Consumption". What was the situation when the war broke out? Neutral countries like Holland developed a surprising commerce, and those goods were not destined to Germany. Probably they were bought in good faith to be consumed in Holland and Sweden, but they exported more to Germany than to those neutral countries. Great Britain said, "Here, this must stop", and they did not let them go, because they were either going to the enemy or really intended for the enemy; so they were put on ration principles.

These are some of the outstanding legal points affecting the question of the Freedom of the Seas. You might ask, "Where were the Germans any worse than the British, because they, too, violated the Freedom of the Seas?" You see just this difference: Great Britain commanded the sea, and therefore she enforced the ordinary laws of humanity, the right of search; she could send all her captures into prize ports; she did not need to sink a ship or destroy a life or violate her principles. But Germany did not have the Freedom of the Seas, yet she acted as though she did, and violated every law; she studded the sea with mines, exercised a paper blockade, and the right to search could not be exercised; and that is the only distinction between restricted limitations and war (Applause). Great Britain was completely in luck because she had the command of the sea. Germany could not expect to lose the command of the sea and yet get all the profit that came from it. Nothwithstanding that, they did break some of the rules of International Law.

There the matter stands. Sooner or later the United States and Great Britain will have settled this fundamental question of the Freedom of the Seas. In the next war—which we hope will never come—if Great Britain is a belligerent she will naturally feel that she depends for her success on bringing home her cargoes, and preventing her enemy from getting her cargoes brought home. The United States will perhaps feel, as she always felt, that she will have to maintain neutral rights. But let us hope that, before that time should come, Great Britain and the United States will realize that they together hold the situation in the hollow of their hands. They can have understandings and agreements, not necessarily alliances, and so arrange and devise naval law that this clash will not come, if they understand each other and translate each other's thoughts correctly. The case is like that of a friend of mine, who was correspondent for a New York paper in the Russo-Japanese War. After the capture of Port Arthur he sent what he considered his very best despatch home to the New York paper, in which he praised the bravery of the Japanese and especially of the Japanese General, saying that "General Toya led his own men up the heights of Port Arthur like a brick." A few hours after he had filed his despatch he was called before the Japanese Censor and given a dressing down. "What do you mean by insulting our General, by saying that he led his men up the heights of Port Arthur like a lump of mud?" (Laughter.) A mis-translation; that is the whole difficulty. It is very difficult for one nation to-day, with all its different history behind it, to explain itself to its neighbour. I suppose it is more difficult the more closely we are related. You know that the further you go in linguistic study the finer the distinctions become between the synonyms. Possibly the United States, for that reason, would find it more difficult to settle this question, which is largely a question of law; but let us hope that both these nations will realize that disarmament, which depends so much on naval disarmament, is in their power, and that they can confer this indescribable boon upon the world. (Loud applause.)

President Spence expressed the thanks of the Club for the extremely scholarly and informative address, which had made even law interesting!

BERNARD SHAW AND THE EMPIRE

An Address by MR. MAURICE COLBOURNE.

6th February, 1930.

Mr. C. P. Tisdall introduced the speaker.

Mr. Colbourne then began: I am going to reverse the usual order about the best wine coming last, and put my best wine first; that is, my own personal thanks for your hospitality and for the honour you have done me in asking me to speak to you, and the honour done myself and my esteemed colleague and partner, Mr. Barry Jones, in asking both of us to be your guests to-day. We take it as an honour, and it goes without saying that it is also a pleasure, because by a law passed in the British Parliament in the reign of Queen Elizabeth we are still, civically, rogues and vagabonds. (Laughter.) Nonetheless Mr. Jones and I are among friends, and there is only one person here with whom I am not on good terms. I suppose I am very ungrateful, because this person has done us a great deal of good and helped us in many ways, yet I not only owe him a grudge but I am in mortal terror of him—I refer to our important friend, Mr. Microphone. (Laughter.)

Last year in Toronto Mr. Microphone let me down badly. I did not know the gentleman very well then, and he took advantage of my ignorance as though he had been the husband of Dame Rumour, and passed along something that I said to Glasgow; Glasgow passed it on to a London correspondent, who rushed up to Whitehall Court, knocked on Bernard Shaw's door and said, "Hey! Hey! What's all this about?" And Bernard Shaw had to get out of it as best he could. I had said—quite truthfully, of course—that Bernard Shaw was not as black as he had been painted by the popular press (and therefore by the popular imagination) during the Great

War; and I now feel it only just, from Bernard Shaw's point of view, to read part of a postcard which I received shortly after what he calls the heath fire which I had started. He said, "The tour has been very satisfactory *to me*"—I suppose he was referring to the vast weekly cheques which we used to send him—"and I have no mortal objection to you repeating it if you have not got cold feet; but don't tell Canadians that I was a British spy masquerading as a Pro-German during the War. (Laughter.) You started a serious heath fire with that."

Well, because I have to be so careful, and because I thought you would like to get certain statements and even anecdotes right from the horse's mouth—if I may compare Bernard Shaw to so noble an animal—I will take the liberty of reading a passage or two from this little book of mine which is just out. I do it because Bernard Shaw very kindly and nicely has actually written the book himself, for I am very happy to say that he scratched out practically everything I had written, and wrote in the margin, in his own spidery neat handwriting, the truth. (Laughter.) It is a terrible reflection that when we crossed the continent last year and, owing to the kindness and hospitality of the whole Dominion, I found myself standing on very numerous occasions before all sorts of assemblies, I filled them with what apparently—owing to Bernard Shaw's corrections in the MS. of this little book—was a pack of lies. (Laughter.)

I was really on a holiday when your secretary asked me to choose a subject for this little talk, and I replied, "Bernard Shaw and the Empire". I had just got on the train at Vancouver, and had four days of train-holiday before me, and I suppose I was in a gay and comparatively daring mood; and I think I can, in a way, sense what is passing through the minds of this distinguished company at this moment—a sort of mental murmur of "Bernard Shaw and the Empire! Oil and Vinegar! Oil and Vinegar!" (Laughter.) Yet those of us who are even amateur cooks know that oil and vinegar, given a little patience, will eventually mix and form quite a tolerable kind of salad-dressing. So we will try to mix these two seemingly incongruous ingredients and see if we can find some points of contact between Bernard Shaw and the Empire.

I suppose the first thing to think of is that the British Empire must be a very poor empire if it cannot survive the criticism of a man like Bernard Shaw. I remember that Hilaire Belloc, an ardent Roman Catholic, made an analogous remark once in private conversation apropos of his beloved Church of Rome, saying that the Church of Rome must be the most wonderful institution in the world, because in the course of its history it had managed to survive so many centuries of mismanagement and corruption. (Laughter.) Well, I think that to the British Empire Bernard Shaw's caustic darts and criticisms are just like so many drops of water on a very large rock; and that is why I think that we allow him to settle down in the very heart of the Empire and do his worst—because we know that he can do no harm. (Laughter.)

Yes, he has had the effrontery to settle down in the very heart of the British Empire, and to call himself our Public Thinker. (Laughter.) And we let him alone, and do nothing about it. Now, because of his critical attitude toward Britishers, let us call Bernard Shaw a foreigner; in fact, for the sake of this by-the-way argument, we must call anybody who is not an actual Englishman a foreigner. Well, in looking back half a century or so, I found that the English were a very remarkable race, because they knew when not to do things themselves, and knew when to invite in somebody who could do them better. For instance, the English are supposed to be a warlike race; yet we find it was an Irishman who led the troops to victory in the Napoleonic wars; an Irishman who led the troops at the beginning of the Great War, and a Scotsman who led the troops of Empire to victory at the end of the Great War. Turning to politics, and not going back very far, we find that it was a professing Jew who won the heart of the great Queen, and not her four-square English Gladstone; and it was Disraeli, I suppose, who first envisaged the British Empire as we know it to-day. Again, I suppose it was the German Prince Consort who set England in train for her great industrial development, through the great Exhibition at the Crystal Palace. Coming nearer to our own day, we find the late Lord Asquith, an Englishman, in the seat of power at the beginning of the Great War, but soon enough he is displaced by a Welshman, and finally, when the English Mr. Baldwin after the War displaces Mr. Lloyd George, he soon enough is displaced by a Scotsman.* And so we feel—I certainly feel myself—that it is just part of the general national anomaly that we allow these excellent people to come and do things which we know they may very likely do better than ourselves. And that, I think, is itself a sign of greatness—to know when you can't do a thing. (Laughter.) I think we know subconsciously that we are such fine seamen that we will allow anybody who cares to try to stand to the wheel of the Ship of State, knowing that we ourselves are also on board, and that if anything happens we shall be able to guide the ship into safe haven at last. (Laughter.)

I just mentioned that Bernard Shaw lives in London; he cannot live there voluntarily if he really loathes not only it, but the English and the British Empire as well. Moreover, he has the effrontery to live not only in London, but within sprinting distance of Buckingham Palace and a revolver's shot of Whitehall Palace, where King James I used to watch Will Shakespeare act in his own plays; while immediately across the river from Whitehall Court, Shaw's London house, is the site of Shakespeare's Globe Theatre. Again, we find Bernard Shaw spending week-ends with the plutocratic Astors, one of whom, I believe,

Note.—Actually the late Mr. Bonar Law, a Canadian, succeeded Lloyd George, and Lord Asquith was pushed from power largely by the activities of a Canadian London newspaper king. At the beginning of the century Scotsmen led both parties: Balfour the Conservative, and Campbell-Bannerman the Liberals. Finally, see *The Apple Cart* where Shaw writes: "God help England if she had no Scotsmen to think for her."—M.C.

is the proprietor of the great Conservative organ, *The Times.* Yet all of these, King and commoner, gladly suffer the proximity and even the society of this intolerable man.

Talking of Shakespeare, you get the same line of criticism from Bernard Shaw about Shakespeare as that which he levels at all other sane and sober institutions. He says that he is better than Shakespeare, and yet you will find that he is a regular visitor every Birthday Festival at Stratford-Upon-Avon, and is the man who is the most fruitful of suggestion in connection with the new Memorial Theatre there; and I do not doubt that Mr. Ramsay MacDonald consulted Bernard Shaw as to whether he should advise the King that Mr. Archibald Flower was fit to become Sir Archibald Flower—for, as you know, the Chairman of the Governors of the Memorial Theatre has just been knighted, and I mention this because I believe Sir Archie had the pleasure of being in Toronto just about a year ago. (Applause.)

Well, Bernard Shaw is a very clever man! He has a curious way of being able to mix with the highbrows. (Laughter.) One is Lady Astor. Well, he can also mix with a highbrow like Gene Tunney. (Laughter.) I do not wish to draw any comparisons, but I think the only other man in the British Empire who could mix and be equally at home with Lady Astor on the one hand and Gene Tunney on the other is our beloved Prince of Wales. (Applause.)

Having mentioned the Prince of Wales, let us see what happens when he and Bernard Shaw come together. The most amazing thing happens; Bernard Shaw becomes modest. (Laughter.) And yet the mob, as usual, misunderstood him, and began to hiss. I suppose they hissed because Bernard Shaw was being modest; they were not used to that sort of thing. It was at a boxing contest a month or so ago. The Prince was sitting on one side of the ring and Bernard Shaw on the other, and the Prince sent a message—three times I think—to Bernard Shaw, who, having had the message whispered into his ear, vigorously shook his head in a determined negative. At the third time the crowd began to hiss Bernard Shaw, because they thought that he was refusing a request from the Prince of Wales to go over and say "How do you do?" But all that had happened was that the Prince of Wales, with his native courtesy and spirit of doing the right thing in the right way at the right moment, had done a gracious thing to an old gentleman in his 74th year, and had asked Bernard Shaw to give away the prizes. Bernard Shaw, in the presence of his Prince, had very modestly and wisely refused to do so.

We may go even further than that. We may say that Bernard Shaw is a man who is most conscious of the niceties of high treason and *lèse majesté*. At just such a table as this—I saw a picture of it—Bernard Shaw was being honoured by the Critics' Circle a short while ago, and at the end of the banquet he stood up and began his speech in the presence of Mr. Microphone. The opening sentence was typically Shavian; that is to say, he shocked everybody, and then, just as they were wondering how to take it, he made them smile and acknowledge that he was, with his awful, devastating reason and logic, perfectly right. (Laughter.) This was the way he started: "Your Majesties, Your Royal Highnesses, Your Excellencies, My Lords, Ladies and Gentlemen, and Fellow-Citizens." (Laughter.) I do not believe the company were as kind to him as you have just been to me; I don't believe there was any laughter; but at the end of the obvious awkward pause Bernard Shaw said that he felt bound to begin in that way so that he should be guilty of no disrespect, because (and here would come the Shavian smile) he naturally assumed that *everybody* in the land was listening to him. (Laughter.)

Well, this careful, loyal man, who spends his week-ends with the Astors, and swims regularly in the pool of the R.A.C. and is therefore presumably a member of the Royal Automobile Club; this is the man who at a political meeting not long ago infuriated his audience even beyond the usual pitch of fury, which is considerable. One man, unable to restrain himself any longer, got up and, shaking a finger at the white-bearded figure on the platform, said, "Mr. Shaw, *are you* or *are you not* a Bolshevik?" And Bernard Shaw smiled and said, "I am a Bolshevik." (Laughter.)

Well, that word brings us into politics, and I suppose the most Shavian thing in politics, and the most political thing in Shaviana, at the present moment is "The Apple Cart". As Sir Barry Jackson said to me when I saw him in Canada last autumn: "How like Bernard Shaw it is that, the moment his socialist friends get into political power, he himself should turn into a rabid Conservative!" Because his latest play, "The Apple Cart", is a magnificent diatribe on the virtues, and a prophecy for the final success of a monarchy. He predicts that even if a modern monarchy were overthrown it would come back trailing clouds, if not of glory, yet of popular votes, and entrench itself even more fully in the popular favour as a monarchical and absolute dictatorship; from which we can argue, if we want to, that Bernard Shaw is a super-Conservative. (Laughter.)

Looking at the past, however, I think a word is due on the fact that it was Bernard Shaw who was chiefly instrumental with Sidney Webb in founding the Fabian Society, which I suppose is more responsible than anything else in British politics for having made socialism, if not popular, at least fairly respectable. (Laughter.) Bernard Shaw the brilliant pamphleteer, and Sidney Webb the assiduous statistician, between them pushed and pulled until the Fabian Society became a live thing, and I think it is a fair guess to say that, had it not been for the Fabian Society and its conversion of bloodthirsty slogans into intelligent political tenets, the Labour Party would not have achieved the seat of power so soon. So one might say that it is chiefly due to Bernard Shaw and his political work in the past that the present British Government is in power.*

***Note.*—Shaw would of course deny that the Labour Government represents the faintest inkling of his views. He has said that you could no more expect true socialism from the present Labour Party than scrambled eggs from a sewing-machine. For Shaw's political views see his "Intelligent Woman's Guide to Socialism and Capitalism." M.C.**

I do not know whether Mr. Thomas, when he was over here, told you a little story of Sidney Webb, who is now Lord Passfield. They were both at a dinner one night, and Mr. Thomas, who apparently is given to pulling the legs of his colleagues, looked at Lord Passfield and said, "I understand that my noble Lord and friend started his life as a Colonial Office clerk, but spent most of his time in writing a book entitled, 'The Danger to the British Constitution of the Second Chamber.' I understand my noble Lord and friend is now engaged upon writing a sequel to that book, the title of which, I undersand, is, 'The Danger is Now Removed'." (Laughter.)

There was another political anecdote which came to my ears the other day, and which I pass on to you for what it is worth. It has not been through Shaw's mill yet, so I will tell Mr. Microphone that I do not guarantee its truth. The Government were giving a reception or something of the kind at which dancing took place. Mr. Arthur Henderson, the British Foreign Secretary, was present, as were Mr. and Mrs. Bernard Shaw, but the latter were not dancing; they were sitting at the side of the room watching the fun. Mr. Henderson, however, was dancing, and as you know he is a man who is big rather than small, and no longer in his first youth or girth. (Laughter.) Mrs. Shaw was very quiet for a few moments as she watched the gyrations of the British Foreign Secretary round the ball room. Finally she turned to her husband and said, "That is a very curious dancing movement of Mr. Henderson's", and Bernard Shaw said, "That is not a dancing movement; that's the Labour Movement." (Great Laughter.)

And now let us touch very shortly on a subject which clearly comes within the province of this talk's title—war. I *do* think we ought to take our hats off to Bernard Shaw for having thought thirty years ago what the civilized world, in its attitude to war, is only beginning to think to-day. I imagine that the mental attitude of *Arms and The Man* (written in the '90's) is, roughly speaking, exactly the same as that shown in the best sellers of to-day. We should not take any notice of them if they were not best sellers, but best sellers presumably reflect true popular opinion. The best sellers on the stage—such as "Journey's End", "What Price Glory?"—and the big sellers on the books stalls—"The Case of Sergeant Grischa", "All Quiet on the Western Front" and others—all, in these days of mechanized fighting, treat war as a disease and seek to strip it of glory. Bernard Shaw certainly perceived the prosaic muddiness of war, and had a whack at what all the statesmen are having a whack at now, beating them to it by thirty years. But I feel, and I think many of us must feel, that when we are trying to disarm, it becomes a question of noble sentiments versus hard brute facts; and here Bernard Shaw comes to the rescue in his usual way, by saying things that we do not like to say, because we do not like to throw things at the man at the piano, who, after all, is doing his best. (Laughter.) Bernard Shaw has no compunction about throwing things at the man at the piano if he thinks that he is not playing the piano properly. That is one of Bernard Shaw's contributions to current topics, I think. I notice that a few days ago, apropos of the present Naval Disarmament Conference, he said, "It is all right; the sailors will be able to sleep quite happily now, because they will not be killed at 20 miles range by 15 inch guns; they will be killed at 10 miles range by 10 inch guns!"

Well, I do not think we need to be frightened of Bernard Shaw any more. He can stand up there as solemnly as he likes and say that he is a Bolshevik, but we need not be frightened of him, because we have seen that he can do us no harm; on the contrary, he can do us good by making us alternately laugh and think. Indeed, he is more than a statesman or a politician or a mere public thinker; he is a natural historian. I am going to read you a little passage which I think you may value because it puts the whole thing in a nutshell; but before I read it I would just say that Bernard Shaw always uses the words "moral" and "immoral" in the classic sense (the Latin word *mores* meaning customs if I remember right) instead of in the limited vulgar sense, by which we mean that a moral man is merely a man who does not run off with somebody else's wife, and an immoral man is a man who does. (Laughter.) That is not the exclusive meaning in which Bernard Shaw uses the words. When Shaw contemplates us we are to him, not twentieth-century creatures as distinct from nineteenth-century, nor Anglo-Saxons as distinct from Slavs or Latins—for you remember his first acclamation was in Germany, and the first production of "The Apple Cart" took place in Poland—nor as rich men with university educations as distinct from poor men with state elementary educations. He regards us as none of those, but simply as natural specimens of the *genus homo,* naked, unashamed, unhumbugged, each of us given a chance by God. This will perhaps help us to grasp better Shaw's own unequivocal declaration. In a letter some years ago to H. M. Hyndman, of Belgium, Bernard Shaw wrote, "I am a moral revolutionary, interested not in class-war but in the struggle between human vitality and the artificial system of morality, and distinguishing not between capitalist and proletarian, but between moralist and natural historian." I think those are very succinct and very wise words as an effort on his part to make his position clear as a member of the human race and of the British Empire, as a citizen of London, and even as the husband of his wife.

I will just end up by telling you a few Shavian anecdotes which came to my ears since our visit to Toronto last year. Some of them you may have heard. When he was a musical critic an old lady of London town thought she had discovered a new violinist, and invited all the bigwigs and critics of London to a reception. The violinist was to be there launched into society, and so into the world. After he had played for them the hostess went around her guests smiling and pleased, and asking what they thought of the new violinist. She came to Bernard Shaw finally and said, "Now, Mr. Shaw, what do you think of Mr. So-and-so?"—I don't know the name of the violinist, because I don't think he ever appeared again.

(Laughter.) Bernard Shaw smiled at her and said, "Well, you know, Mrs. So-and-so, he reminds me very much of Paderewski." After a moment of very natural nonplussment the lady said, "Oh, but, Mr. Shaw, Paderewski is not a violinist!"—and Bernard Shaw said, "Just so; just so." (Laughter.)

I suppose it was when Bernard Shaw was a musical critic, and therefore a member of the press, and therefore —lucky man—able to go to an opera, a concert or a recital for nothing, just having to produce his press card and step right in—that he was walking along a London side street one day where a barrel organ was performing, with an old Italian organ grinder, and a monkey all dressed up, sitting on the top of the organ. The organ was grinding out some ghastly apology for a tune, and, as Bernard Shaw was about to pass, the organ grinder took off his greasy cap and held it out for a copper; and Bernard Shaw said, "Press!" and passed on. (Laughter.) It is perhaps very unfair, especially in view of my friend Mr. Microphone, to end the story there, because I believe, on the best authority, that Bernard Shaw, having had his moment of *joie de vivre,* went back and placed a coin in the greasy cap. (Laughter.)

Last year I told the story about the famous international dancer, but I feel bound, for her memory's sake and for Bernard Shaw's sake, to read to you the true version as it comes almost hot from the press and from Bernard Shaw's own spidery, marginal corrections: "There is a story of Shaw and a beautiful lady (often erroneously identified with the late Isadora Duncan). She had written to the famous writer pointing out that he had the finest brain and she the finest body in the world, and proposing, for the sake of posterity, that they should unite to produce a wonderchild inheriting her beauty and his brains. This was too much for the author of *Man and Superman,* and creator of *Ann Whitefield,* and Shaw replied, on a postcard as usual, 'Ah, but suppose it were to inherit my beauty and your brains!' " (Laughter.)

Gentlemen, I must end and sit down very shortly. I do so with great reluctance, because I am not thinking of you at all. I am selfish enough to be thinking of myself, and to be realizing what a very pleasant and happy time I am having, even in spite of the fact that I am standing upon my legs, which is an uncomfortable posture for a human; but I am so enjoying your company and your hospitality that I am glad, for your sake, that my watch is sitting in front of me. I understand that I am causing the proceedings to end, as far as I am concerned, a little earlier than is customary on these occasions, but I know you will excuse me when I say that I have to be not only in the theatre, but actually on the stage at twenty minutes past two, and that it is now just ten minutes to two. So I ask you to excuse me if I sit down and thank you very much for listening to me so very patiently. (Loud applause.)

The Chairman voiced the thanks of the Club to the speaker for his entertaining address.

A COMPLIMENTARY LUNCHEON

TO

THE RIGHT HONOURABLE

SIR WILLIAM MULOCK

P.C., K.C.M.G., K.C., M.A., LL.D.

Chief Justice of Ontario

Chancellor of the University of Toronto

13th February, 1930.

The President, MR. JOHN D. SPENCE, introduced the various speakers. In addressing the guest of the Club, he said:—

Sir William,—The Empire Club is happy in being, for the moment, the means by which the affection of your fellow-citizens for you is enabled to declare itself. Let me assure you that we have not created, or manufactured, or fomented this demonstration. The kindly feeling for you, which is so general, was seeking a way of expression. It was like a day in the old sugar maple bush in early spring, when the sun was shining, the wind right, and the sap pressing and surging upward in every tree. It needed only to be tapped. "Sap's runnin'," Sir William, and the Empire Club is only the spout!

When we followed a natural impulse and asked you to be our guest at this luncheon, we found that there were many who wished to have a part in this pleasant enterprise. And so we are honoured by the presence of the Lieutenant-Governor, representing His Majesty, whom you have served with distinction in many different capacities. The Prime Minister of Canada would have been here, had not his official duties prevented, to represent in person the Dominion Government in which you were formerly an outstanding figure. He has sent this telegram:—

Ottawa, Ont., February 13, 1930.

My colleagues in the Government of Canada desire to join with me in requesting that our very cordial greetings be extended to the Right Honourable Sir William Mulock, Chief Justice of Ontario, at the complimentary luncheon being tendered Sir William by the Empire Club at the Royal York Hotel to-day. We share the delight of Sir William's many friends in all parts of the Dominion at the honour being accorded by his fellow-citizens to one whose years of service and whose many-sided activities in the public life of Canada have not been surpassed in its history. We join with all who may be present at to-day's luncheon in expressing the hope that a kind Providence may continue to bless and protect Sir William's remaining years.

(Signed) W. L. MACKENZIE KING,
Prime Minister.

The Prime Minister of Ontario is here with his colleagues to present their own greetings and those of the Government of your native province. His Worship the Mayor is here, and practically the whole of the City Council. We are specially honoured in having with us the Minister Plenipotentiary of Japan in Canada. Your brother Judges are here—as many of them as are not prevented by illness, or by their official duties.

The bar is very largely represented, and we are delighted to have with us the Attorneys-General, or high officials representing the Attorneys-General, of nearly every province of Canada. The Dean and the teaching staff of the Osgoode Hall Law School are here. The great University of Toronto, of which you are Chancellor, was to have been represented by its president. Unfortunately, Sir Robert is ill, but his message is here and will be read. The University, however, is also represented by the Chairman of the Board of Governors, and very many from the governing bodies, the staff and your fellow graduates. The Lord Bishop of Toronto is here with many other distinguished clergymen. The Board of Trade of the city has sent a very large delegation of its officers, past presidents and members. The Bankers' Association is here in force. And we may say with confidence that in this great audience every phase and section of the community life of the city and the province finds a place.

When we remember, Sir, that it was in the year 1873 that you were first elected to the Senate of the University, that you became its Vice-Chancellor in 1881, that you were elected to the Parliament of Canada in 1882, that you became a Minister of the Crown in 1896, were appointed to the Bench in 1905, became Chief Justice of the Province in 1923, and Chancellor of the University in 1924, we realize how long your youth has been—and how full of interest! In very many spheres of action, educational, political, judicial, financial, social, charitable, you have played a man's part. Inevitably, in so active a career, there was at times conflict—sometimes misunderstanding, sometimes antagonism. Stout blows were given and received.

But the tumult and the shouting dies. Your adversaries are become your friends and the clash of tongues has softened to kindly reminiscence. We are fortunate in that you are still employed in public service of the highest order: long may our good fortune continue! We offer you, Sir, our respect and our affection, paying in these a merited tribute to one who has deserved well of his country and who still spends himself willingly for her good.

"Nor can the snow that age can shed
 Upon thy reverend head
Quench or allay the noble fire within
 But all that youth can be, thou art."

(Loud applause.)

HIS HONOUR, THE LIEUTENANT-GOVERNOR OF ONTARIO, said: One of the many pleasant things—I may say one of the most pleasant things—about being Lieutenant-Governor of Ontario is the opportunity it has given me to know Sir William Mulock better. To admire him afar off, as everybody does, is all very good but not nearly so good as to talk with him and learn from him, and know him as a great companion. A man of action, he has also been an observer and has winnowed events as they came and went so that his mind is a storehouse of wisdom. From that store he distributes choice bits from time to time, deliciously spiced with wit—to the education and delight of those who hear. Sir William is frequently spoken of as a young man. I think of him rather as one who has been enriched and mellowed by time, like rare old wine. Unlike a sapling that is swayed by every passing breeze, Sir William is like a great oak tree under whose branches men may rest and renew their strength. Such men are invaluable, even indispensable. I feel that we should greet him as they did the kings of old—"O, Sir William, live forever!" (Applause).

THE HON. G. HOWARD FERGUSON, Prime Minister of Ontario, speaking on behalf not only of the Government but of the people of the Province, said he was especially grateful to the Club for the opportunity of voicing his very warm and deep personal affection for the guest of the day. While it was appropriate to pay tribute to all our public men, it was especially proper to pay deference to Sir William himself. He has had a great career. My wife sometimes tells me he is an example to be emulated. (Applause.) There are some things in which I would like to emulate him, but I would not like to make that statement too broad—(Laughter)—because I have a special opportunity in a very personal way of knowing him, and I have studied his career and all the vagaries of his conduct and his views. (Laughter.) Perhaps not all of us remember when he was first elected to Parliament in 1882 or 1883. He served his country for 23 years. I should say he was elected as a Liberal—perhaps some of you do not know that. (Laughter.) But during that active public career Sir William achieved things that have had a lasting effect for the great good and advantage of this country. Through his influence and activity, and his strength of view, was established the Penny Post. (Applause.) That of itself is a lasting monument to his great public service. He was also responsible for the laying of the cable between Canada and Australasia—(Applause)—which is another milestone in the marvellous progress of this country. He has always been keenly interested in educational affairs, and after serving as Vice-Chancellor he is now and has been for five years the very efficient and dominating Chancellor of the great University of Toronto. (Laughter and applause.) I say that advisedly, because a part of my duty is to revise the estimates, and have something to do with the management of the University, and I sometimes wonder if I have anything to do with it at all! (Laughter.) In many activities Sir William has been amongst the leaders. During the serious period of the Great War he gave his whole time and his great organizing ability to patriotic work, and is to-day engaged in the wonderful work of taking care of unfortunate maimed soldiers. I think no single person in Canada has over so long a period unselfishly devoted so much time to the betterment of the conditions of the soldier as has our honoured guest. (Applause.) In fact, Sir William manages everything that he comes in contact with—due to his Irish descent, I suppose. (Laughter.) He manages the Courts of the Province. (Hear, hear.) The judges testify to me that they feel his presence and his influence continuously. As I say, he manages the University, and he very subtly manages two governments—the Dominion and the Provincial. (Laughter.) He and I have always been in accord—(Laughter) because I have always agreed with him. He fills the distinguished position of Administrator of the Province when His Honour goes fishing, or something else. Then is the time when I have my difficult period, because Sir William wants to know why we spent $30 on an advertising pamphlet for Herb.

Lennox's picnic in North York. (Great laughter.) He wants to know where every single sixpence of the heavily-burdened taxpayer's money has gone. He is certainly efficient in that respect. I am glad to bear testimony to another feature of Sir William—his sympathetic, kindly attitude towards those in need. (Applause.) In my position I have an opportunity of learning of that very frequently. Just a few moments ago there came to Sir William here a present from a widow for whose husband he had a very kindly feeling; she took this way of showing her very deep sense of gratitude and affection for Sir William's attitude in respect of some of her husband's activities. With it came this most interesting little poem:—

Just to know some kind of folks
  Makes life a lot more sweet;
And when we wish them happiness
  Our joys are more complete.
Just to send you greetings
  Adds to my gladness too,
Because I'm thinking of the kind
  That's very much like you. (Applause.)

After all, the things that count in life are the humanities. No man within my acquaintance has a larger heart or a greater element of human sympathy in his make-up than has my warm personal friend, Sir William Mulock, whom I am delighted to honour to-day, for whom I have the warmest and deepest affection. (Applause.)

The Honourable Mr. Justice Hodgins, representing the Bench of Ontario, said: I realize my difficulties in speaking in competition with those persuasive orators who preceded or follow me. However, I am only an *ad hoc* Judge who, being called in to a court to which he does not belong, is, if he dissents from the finding, dismissed with maledictions. But I can tell something that perhaps the others did not know, and that was part of the secret which has given Sir William his long life. I happened to be in Osgoode Hall looking at a book which had been sent to Sir William by some relative in Ireland, and in turning over the pages which gave an account of the Mulock family I noticed that the age of the elders of the family, going back for some generations, was very great, and I said to Sir William, "I notice that in Ireland your forebears have lived to a good ripe old age." And he said to me, "Yes, but you must not be surprised, because there is a saying over where we came from that you cannot kill a Mulock except with an axe." (Laughter.) I think we can tell Sir William to-day that in Canada we only kill them by kindness. The kindliness of this gathering has appealed to me more than I can say. If we listen to the Parliamentary debates and read the papers we must realize that we say very few kind things about our public men, and the language we seem to have learned is that of harshness. Sir William has had a very long and very interesting career, stormy at times, but always active, and he has always been in the front rank. It must therefore be a very great pleasure to him, when his career has settled down into a little more quietude, to find that his fellow-citizens regard him now with affection and pride. (Applause.) As an old war-horse he must be very grateful to look around on this assembly and think that he has the goodwill of all. (Hear, hear.) Perhaps I should withdraw the word "old", and substitute the word "young", but that he has been a war-horse there is no doubt. He has had three very interesting epochs in his career. Politically he has fought his way through, and has seen the flames abate and die down. I believe there is a little flickering, however, to be discerned in the third generation. (Laughter.) Then in his second epoch he has fought successfully the differences, possibly even the animosities, of the denominational educational colleges, and has accomplished complete federation of them all in the University of Toronto—(Applause)—and he has seen the flames there die down and be extinguished, although candour compels me to say that apparently somebody recently has been trying to rake up some of the embers. After the career Sir William has had, we of the Bench desire to say to you that in the third epoch, which has now lasted for about twenty-five years, he has enjoyed—perhaps, according to some, I had better say endured—the office of a judge for that length of time. Some judges call it isolation, and one very eminent judge spoke of that position as involving ostracism. Well, in that respect, as in a great many others, Sir William's career is a lesson to us all, so to conduct ourselves, no matter with what difficulties we may be surrounded and what scenes we have to pass through, that towards the maturity of life we may have the friendship and respect of all. On behalf of the Bench, Mr. Chairman, I desire to thank you for this very kindly expression of affection and respect to the Chief whom we all delight to honour. I thank you also for enabling the Bench to be present; in fact every judge who is in town, with one exception, is with us to-day. I also thank you not only for the pleasure of participation, but for the welcome hospitality that you have offered us to-day. (Applause.)

MR. HUGH EAYRS, immediate Past President of the Club, read a letter from Sir Robert Falconer, as follows:—

University of Toronto,
February 13, 1930.

Dear Mr. President:

"In order to guard against the development of a slight cold, by doctor's orders I am not allowed to attend the luncheon to be given by the Empire Club in honour of Sir William Mulock. I need not say that this is a great disappointment to me. I should have liked very much to be able to say something as to the great work which over many years Sir William has accomplished for the University of Toronto. This I am in a position to do as few others, because I have been able to see its results in my intimate association with the University in all its phases for now nearly twenty-three years.

It is remarkable to think that to-day we are honouring one as Chancellor of the University of

Toronto who remembers the days in which at the time of his matriculation all the flooring had not been laid in the present University College, often called the main building. It is a great span of life, and throughout its course many and great have been the developments of the University, and in the most important of them Sir William has played a leading part.

It is known to all university men that he was one of the most effective leaders in the bringing about of the federation of the colleges. Few, however, know the obstacles which he overcame in the process. Few also there are who realize that the consummation of the federation of the colleges as it now exists in the University of Toronto has been perhaps the greatest piece of constructive statesmanship in the academic world of Canada. This is the most unique contribution that we have so far made to university organization on this continent. It would have been a pleasure for me to testify in person to the success with which I have seen during my tenure of office the working of this system. Instead of divided and controversially-minded institutions we have a group of colleges working together in harmonious relations, realising each its own individuality and yet each contributing to the welfare of the University as a whole.

I might speak further of the interest that Sir William has taken in other faculties of the University, but my letter is already too long; suffice it to say, that in his advice both at the meetings of the Board of Governors and to myself he has again and again urged that conciliation and the endeavour to meet the various views presented by different interests in the university are of the essence of good government. I wish herewith to present my profound respects to the Chancellor of the University of Toronto.

Yours sincerely,

R. A. FALCONER,
President.

The Honourable Dr. H. J. Cody, representing the Soldiers' Rehabilitation Association, said that about forty years ago, the Chairman Mr. Spence, the Prime Minister and himself had received their degrees as Bachelors of Arts in the University of Toronto at the hands of Sir William, then Vice-Chancellor. (Applause.) It was a happy coincidence that these three should be allowed to-day to present to him their tribute of respect and pride —for Sir William had become a great civic and national institution in Canada—(Applause)—and of positive and real affection. Speaking as a citizen of Toronto and of the Province, he ventured to present this tribute of affection, pride and respect to Sir William, whose way of life had not "fallen upon the sere and yellow leaf," but who had in abundance "that which should accompany old age—honour, love, obedience, troops of friends." (Applause.) In troops they had met to-day to offer him their best wishes and tell him, while still among them—as, please God, he would be for many a day—how much they thought of him and how deeply grateful to him all citizens of Canada are. (Hear, hear.) Surely a man lives in proportion to the number of his interests; and he did not know any man in Canada who had more undertakings and interests than Sir William. It was one of the secrets of his perennial youth, that he was not isolated from the currents of life, but was in the very midst of them. Above all his heart had been kept tender by the performance of innumerable, even if unremembered, "acts of kindness and love". Look back in imagination to his boyhood days in Newmarket, when he was his mother's right hand, and the actual head of the family. In those years of hard and simple living and high thinking he made his way through the University of Toronto. Later he made his contribution to one of the most difficult and delicate academic problems in the world, the securing of the combination of unity and diversity in the University of Toronto, by a method of Federation, an absolutely unique contribution, as Sir Robert Falconer had said, to the whole world of letters. Those negotiations which preceded University Federation required infinite patience and conciliation in bringing together elements whose contacts might develop into frictions; and to Sir William particularly was due the brilliant and exemplary solution. It was no wonder that, at any convocation of the University as a whole, or of any constituent part of it, Sir William was greeted with acclaim and enthusiasm. (Applause.) He had also made that splendid contribution to Imperial unity, the Imperial Penny Post. He was of Irish stock and Canadian birth and upbringing, with British and Imperial outlook. Where could a finer combination be found? (Applause.) To-day his interests were as keen as ever in building up Canada, and through Canada the Empire, and in thus ministering to the better life of humanity. Sir William is to-day a constant reader, a diligent student, and as keenly interested in world affairs as he was in years gone by. Thus he keeps young. In the days of the War he was at the head of the Toronto and York Patriotic Fund, and though he had splendid colleagues he was the centre in service, in gifts and in interest. He is still hard at work serving the soldiers who are now bearing the mark of their sacrifice. Two years ago was organized the Soldiers' Rehabilitation Association, to carry on, systematize and develop the work of caring for the men who were still suffering and whose dependents were suffering through the War. With one accord business men of this city and the Government alike had turned to Sir William and asked him to assume the Presidency of that organization, and with all his old-time and abiding enthusiasm he had accepted the burden and was rendering the service. (Applause.) He thought that Sir William, towards the end of his earthly journey, would remember with most satisfaction the public and private services he had been able to render in his day and generation, and among these the simple acts of personal sympathy and kindness that touched the heart. One of these incidents might be mentioned. The last time Sir William ran in North York as a candidate for Parliament his opponent was Francis James Roche, who was long afterward stricken with a fatal illness. He lay almost alone, and to some extent forgotten, in a room in the Toronto General Hospital. Who was it that visited him regularly and gave him the comfort of his presence and sympathy? It was his old political antagonist, the Chief Justice of the Province. (Applause.) The speaker liked to think of Sir William in church, reverently joining in public worship, singing with heart and voice the old hymns to the old tunes. The wise man in the Book of Proverbs had said, "The hoary head is a crown of glory if it be found in the way of righteousness", that is, in the way of service, in the way of kindness. Sir William had that crown of glory. May the good Lord give him at his evening time—and may it be long—the light that will shine more and more unto the perfect day. (Loud applause.)

The Honourable N. W. Rowell, representing the Benchers and Bar of Ontario, said that for more than twenty-five years Sir William had practised at the Bar, and for almost twenty-five years had held a distinguished position on the Bench, and in both capacities he had enjoyed the full confidence and high regard of the legal profession. Probably the best test of a man's character and worth is the position he holds in his own profession. He remembered Sir William when he was elected to the House of Commons in 1882, and had followed his career with great interest, and with more enthusiasm, he was sure, than had the Prime Minister of this Province. (Laughter and applause.) He had been greatly struck with the wisdom Sir William had displayed during his public career in Parliament. In reference to the Bench, all recognized that to his judicial duties Sir William had brought great and varied ability. In addition to his fine qualities of mind and heart he had brought untiring industry and a high sense of duty. Indeed, he knew of no man, in this Province or elsewhere, who had served with a higher sense of duty than had the distinguished guest of the day. (Applause.) His great patience in presiding on the Bench was also to be noted. When a member of the Bar is elevated to the Bench his fellow members sometimes think he forgets to practise some of the patience he had learned at the Bar—(Laughter); but tribute should be paid to Sir William on the great patience he showed with members of the Bar in their endeavours to present their cases to the Court. To-day he held a unique and commanding place in the hearts and affections of the Benchers and Bar of Ontario, and the speaker brought from the entire profession a tribute of their high regard, sincere admiration and deep affection. (Loud applause.)

Sir William Mulock, on rising to reply, was greeted by the audience rising and giving three cheers and a tiger. He said:—Mr. President, Your Honour, Mr. Prime Minister, Doctor Cody, I am overwhelmed by your manifestations of affectionate regard toward myself, whilst the generous, too generous utterances of previous speakers, the action of the Empire Club of Canada in honouring me with this luncheon, the gracious presence of so many friends, so many distinguished citizens, your generous cheers, welcome cheers still ringing in my ears—have awakened such emotions in my heart that it is impossible for me to find words in which adequately to express my grateful appreciation of such touching acts of kindness. For your peace of mind let me assure you that you are not to be afflicted with a lengthy address but only with the expression of a few scattered thoughts—chiefly those growing out of the Great War.

During many years preceding its outbreak, the discoveries of science had promoted world-wide material prosperity to a degree never before experienced in the World's history. With equal step civilization had advanced, and the civilized world, relying as it was entitled to do upon the principles of Christianity, was caught off its guard when in 1914 a world robbery was attempted. With such an experience the peace of the World demands eternal vigilance in preventing the rulers of nations again forgetting that nations, like individuals, must be governed by what is just in the sight of God, and that the nation which in contravention of that principle makes aggressive war upon another is a criminal and an outlaw nation.

People are accustomed to regard the Peace of Versailles as a victorious peace for the Allies. Was it? Is it? True we have peace for the moment, but is it a mere truce, as has been almost every peace, or has the spirit of war been so eliminated from the hearts of nations that national conscience—not passion—shall hereafter determine international conduct? If it has not, much remains to be done before the World is to enjoy real peace. It is too much to hope that the spirit of war will ever wholly disappear, but the World seems at last to have learned at least two lessons from the Great War, one being that every nation participating in a war is a loser, the other that international goodwill is the surest foundation for peace. (Hear, hear.)

Canada, with its happy relations with the United States, needs no evidence in support of the soundness of this view. Here in our City we too have evidence that the spirit of strife cannot live alongside that of goodwill.

Every year there come to the University of Toronto some five thousand young men and women of different creeds, races and views—all the materials for bitter quarrels and strife, but associating together in their common studies, sports and amusements, the spirit of goodwill and toleration enters their souls and expels the spirit of ill-will—they don't, they cannot, quarrel with each other; and each one on returning home radiates the spirit of toleration and goodwill among his neighbours.

What has been the result among the people of Ontario? Paraphrasing the saying of Dean Swift: Whereas at one time each of us had about enough religion to enable him to hate those of other religions, now in Ontario the spirit of goodwill causes us to respect those of other beliefs. Tenacious of our own views, we are tolerant of those of others, and have become a people conscientiously united for the promotion of the common good. (Applause.)

Throughout the War, Canada played a nation's part, made her sacrifices, but we are not forgetful—cannot forget—the glorious part played by Old England. (Hear, hear, and applause.)

Have we ever asked ourselves what would be the position to-day of civilization, or freedom, of Canada, of the British Empire, if Old England had not drawn her sword in defence of the liberties of the world? What pride must swell in the heart of everyone with British blood in his veins when he recalls her self-sacrifice, her indomitable spirit, her courage, her unfailing determination to save the world from the grasp of a nation mad with lust for power. (Applause.)

To-day, staggering doggedly under crushing financial burdens, she is, uncomplainingly, meeting her obligations and endeavouring in co-operation with other nations to find an enduring foundation for permanent world peace. Where can be found in the annals of any other nation so glorious a page as that which describes Great Britain's record during and since the Great War? (Loud applause.)

And what is the duty towards her of her overseas Dominions? Is it possible for them in any way to make any compensation to the Mother Country for any of her losses because of her war sacrifices, for example, for loss of her foreign markets? This is, I realize, a delicate question, one which calls for careful consideration, but I venture the opinion that it will gladden the heart of loyal Canada if she is able—with justice to her own people—to find some means of rendering substantial, material service to our Motherland in this her hour of trial.

How different is this old world to-day from what it was even a century ago! Then there was comparatively little industrial life or international trade. Nations were able to lead isolated lives; the effect of war was limited to the actual belligerents, and the domestic conditions of one country had little effect upon those of another. But to-day, in respect of international relations, the steam engine and electrical energy have annihilated distance and time; the world has become very small; the expression of a thought to-day is in a moment of time conveyed by the sightless couriers of the air to the minds of all the dwellers in the uttermost parts of the earth. No longer can any nation lead an isolated life. Its conduct, either at home or abroad, has its effect for good or ill on the other nations of the world. Thus every nation is interested materially and spiritually in every other nation.

Let me for a moment refer to Russia. Her wicked rulers, seeking the destruction of everything regarded in the human heart as sacred, are endeavouring to impress upon the Russian people that there is no God; no such thing as human conscience; no responsibility for human conduct, and that brute force is the one and only God. Their emissaries for the propagation of those views are scattered throughout the world. We have them in Canada.

Under these circumstances what is Canada's duty? Is it to remain silent or to voice our horror? Canada is Christian, is a world nation, and her opinion will have weight in the family of nations. It is, I think, the duty of Canada to give trumpet-tongued expression to Canadian public opinion against such fiendish doctrines; to broadcast her views throughout the world; to take the lead, if needs be, in arousing other nations, and thus to produce a world opinion that man is subject to divine laws. Such action will become known to the suffering Russian people and may give them such courage and unconquerable determination as, with God's help, will result in overthrowing the rule of those who deny the monarchy of God and would make a hell of this earthly paradise. (Applause.)

And now, my friends, I feel it fitting before closing to indulge the impulse of a grateful heart and say how deeply I am touched by this social expression of your goodwill. Not yet can I speak with the authority of the "retired" from labour, a shadowy company who spend their time in regretting their retirement and in criticising their successors. I am still at work with my hand to the plough and my face to the future.

The shadows of evening, it is true, lengthen about me, but morning is in my heart. And perhaps it would be forgiven me if I venture a word or two of affectionate cheer and counsel to a company so largely composed of young, or at least younger men. And, in this connection, I desire to include my unseen audience—and especially all old graduates who may be listening in. I beseech of you, as the years shall multiply for you as they do for all, to cherish the ideals and sweet illusions of youthful days. Thus will your later days be touched with tender memories, romance, and indomitable hope. (Applause.)

A great English writer has said this: "For long years the Castle of Enchantment is before us, and dreams of what we shall be and do beguile us, but in later life, perhaps about the sixties, we suddenly awake and say: 'That Castle—I must have passed it in the night, it is behind me now'."

My friends, it is not necessarily so—I bear testimony to the contrary. (Applause.) I have lived from the forties of one century to the thirties of the next, have had a varied field of labour, a full contact with men and things, and have warmed both hands before the fire of life. And the testimony I bear is this: that the Castle of Enchantment is not yet behind me, it is before me still and daily do I catch glimpses of its battlements and towers. (Applause.) The rich spoils of memory are mine. Mine too are the precious things of to-day—books, flowers, pictures, nature, sport. The first of May is still an enchanted day to me.

But of course the chief wealth of life I have not yet named. Robert Louis Stevenson once said—"Give me health, a modest competence, and, O Lord, give me friends." These last are the true wealth of life in youth or age. Possessing true and tried friends no man is poor. Lacking them the richest are in penury. (Applause.)

Thus, my friends, I close. I thank you again for your so cordial tribute of respect and affection. I not only thank you, but I bid you to toil on and to hope. The best of life is farther on. Its real lure is hidden from our eyes, somewhere beyond the hills of time. (Loud applause, the entire audience rising and cheering for several minutes.)

President Spence: It only remains for me, on behalf of the Empire Club of Canada to express our most cordial thanks to all those who have joined with us in paying this tribute of admiration, respect and affection to our honoured guest. (Renewed applause.)

INTERNATIONAL RELATIONS

An Address by DR. FREDERICK W. NORWOOD, of City Temple, London, England.

20th February, 1930.

Mr. H. G. Stapells, Vice-President, introduced the speaker. Before doing so, he called attention to the fact that Dr. James L. Hughes was at the head table, and was celebrating his 84th birthday. (Dr. Hughes rose amid the plaudits of the assembly, and bowed his thanks.)

Dr. Norwood then spoke as follows: It is a great pleasure to be your guest to-day. I very much appreciate the reference by the Chairman to my native land. It seems so long since I last looked upon it, some 13 years; it is so far away that one has not yet had an opportunity to return to it. I am very glad to know that you Canadians are aware of its existence. (Laughter.) You have doubtless heard of our Pilgrim Fathers. (Laughter.) We always say it is no wonder we are rather a fine race of people, for our original stock was specially selected by the best Judges in England. (Great Laughter.)

I have in my mind to say something to you, if I can, upon Patriotism and the Empire.

It is a commonplace to say that we are living in a time of transition. That is not a very original remark. Every generation has made it concerning itself since the world began. Dean Inge, who in America is often called "the gloomy Dean" and therefore is not likely to be suspected of joking, has assured us that when Adam and Eve were leaving the Garden of Eden, Adam said to Eve: "My dear, we are living in a time of transition." (Laughter.) But I do think there are some reasons why historians, perhaps a thousand years from now, will make that remark of our time with emphasis, and I would briefly suggest three great reasons which will always distinguish our time.

In the first place, the tremendous intellectual revolution, far too complicated and far too vague to disucss at this moment, but I think its most significant point was the publication of Darwin's great book, *The Origin of Species*. Though Darwin was a naturalist absorbed in his own particular subject, he laid down a principle capable of indefinite application, and into every department of our human life the idea of evolution has been carried. We have learned that in every respect man has made a long, long journey and has performed a laborious climb. No text-book on any subject published, say, 25 years ago would be authoritative without qualification at this moment. A great many of our easy assumptions have been shattered. In the realm of politics the assumption that almost every nation seems to make—that it stands in some peculiar relation to the Deity—has, to my mind, been shaken. I do not believe in favourite races, though I do believe in favoured races. I do not believe in election, though I do believe in selection.

I believe most firmly that the British Empire has a training which fits it for tremendous services, but I shrink entirely from that kind of national pride or conceit which assumes that "We are the People", and that others are merely the "lesser breeds" that know not the law. Humanity has a history that in broad terms is identical. It has been qualified by climate and all manner of things, but there is something fundamentally alike in the history of every race. At any rate, since Darwin published his great book we have been forced to enter into a wider human fellowship. We have looked back into origins. We have seen the laborious way in which the human race has climbed, and we ought to be able to find closer bonds of unity with other peoples. (Hear, hear.)

The second great thing which distinguishes our age is the tremendous increase in human inventiveness and in discovery. We have become masters over the forces of nature in a way that makes a sharp distinction between our era and any preceding. I do not think it is necessarily that we are greater than our fathers; but, for one thing, we have learned to accumulate knowledge, to start where our fathers left off, and discover the reign of law. We know that we may come to the universe and learn its secrets and then utilize them. And so to-day, not because we are greater than our fathers, brain for brain, but because we have entered into a closer kinship with nature and have learned to use her forces, we can do what would have seemed impossible to our fathers. We have made the world a very small place indeed. We are rapidly conquering space and time. The speed of our travel is dazzling to the imagination, and we are not yet at the end of the process.

But far more than any physical projection through space are the discoveries we have made concerning space itself. In my own pulpit in London, I heard a great physicist say that he was not greatly interested any more in matter, of which he seemed to think he knew a reasonable amount, but he was interested in space, in that apparent emptiness in which the material worlds are embosomed. Man is not so much a mechanic to-day as he is a chemist, and he seems to be passing on into some even subtler realms than that. We are beginning to understand that the really great forces are silent and invisible. This mystery that we call electricity, this marvel that we speak of as wireless telegraphy, what is it but an adventure into the realm of the unseen, by means of which we have radically altered nature and the world in which we live? We have made it a vast whispering gallery, and it seems as if we were about to make it a vast theatre. With television within sight we shall not only hear from afar but we shall see afar.

There is no longer possible any national segregation. Geography is deceptive. The United States people appear to think, publicly at any rate, that the wide Atlantic or the wide Pacific separates them from other races; but the Atlantic and Pacific are not as wide to-day, relatively, as the English Channel was half a century ago. (Hear, hear.)

They are not isolated; there is no nation in the world so intimately connected with every other nation as the United States, unless it is our own British Empire. There is no national segregation any more; it is one vast world; and because we did not see that clearly, there came upon us the third thing which I believe will always distinguish our era.

I mean the Great War; and from my point of view just now—I am only speaking of it under one aspect, and that is that it was a world war—the first world war that ever has been. Alexander and Caesar and Napoleon and the rest of them talked of world campaigns, but they were not world campaigns. Why, they did not know anything about America, anyhow; and, still more amazing, they knew nothing about Australia. (Laughter.) But in the last great struggle there was not a corner of the globe where the war itself was not actually raging. But far beyond that, in realms of commerce, in realms of politics and of religious faith and literature and thought, it was a world war. Nobody meant that. Some people knew it would be a wide war, but nobody knew it would be a world war, or surely nobody would have consciously launched it. But we have seen illuminated, as by lightning flame, a truth that we had not recognized because it dawned on us so slowly and so silently; that is, that we have now got to think in world terms. I think I could sum up what I have to say by quoting words written by Alfred Zimmern: "Man's needs and desires have brought about a world-wide civilization. His next task is to create its institutions."

Now, I would not say, Mr. Chairman, that we are civilized. I should hope that the members of the Empire Club in Toronto are approximating to that condition—(Laughter)—but nobody can look thoughtfully upon the world and perceive its anomalies, its stupidities, its injustices, and dare to say that we are really civilized. We are on the road there. Mr. Wells says, in a moment of optimism, we may reach the goal in 3,000 years. (Laughter.) He is subject to spasms of extravagant optimism now and again. (Laughter.) I do not know whether we will be there in 3,000 years, but I do not think that we are there yet; it is so much the honester way to believe that, instead of filling ourselves with all manner of sweet sophistications, and just calmly to recognize the fact that we are simply blundering, stumbling, striving on to some goal that is yet far away; and that the chief job for lovers of humanity is not to persuade themselves that everything is beautiful in the garden, but it is to cherish still more affectionately what is beautiful in the garden, and go to work to get rid of the weeds. ("Good", Hear, hear.) Therefore, though I am a patriot, as every decent man must be, I neither am nor want to be the sort of patriot who assumes that his nation stands in a special relationship with the Deity, exemplifying all that is noble and beautiful, and will find its future in simply shutting outside those who are of another race or another colour or another creed. (Hear, hear.)

Is it not possible, fellow-Britons, to be intensely patriotic and yet also have a world view of things? What is patriotism, anyhow? Words are very illusive things. They have had their history, no less than men and women. When you look into the root meaning of the word "patriotism" you discover that it means "reverence to fathers". Well, I would say that reverence for your fathers alone, in the modern world, would disrupt any existing state. (Laughter.) It just is not possible. The British are quite proud nowadays to confess that they are a mongrel race. That phrase was flung at them, I think, in contumely at one time, but, like many such phrases, it has been adopted. We know that we have Roman, Norman and Celtic splashings, and all manner of inconspicuous admixtures, and in some curious way the existing British race is an amalgam. When you turn to the overseas Dominions—except Australia, which, as I think unwisely, has restricted itself virtually entirely to Anglo-Saxon blood—96% of our Australian population is of Anglo-Saxon stock. That is not true in Canada, I take it, for my friend over here who belongs to the Bible Society tells me that 104 translations into foreign languages of the Bible are needed for the Canadian population.

Loyalty to your fathers would break Canada into fragments—(Laughter)—and as for the United States, you need to have the international complex to contemplate it. (Laughter.) There will be a century at least before they can trust the principle of loyalty to the fathers. That is the reason they are so intensely nationalistic; I do not think any nation in the world flaunts the national flag more than our friends below the line. One sees the Stars and Stripes on every ice-cream shop, and I really think that when the cat has a birthday some people run up the flag. (Laughter.)

I have heard more patriotic addresses in that country than anywhere else. We do not make them in England (Hear, hear); we assume they are not necessary. (Applause.) We do not show the flag except on great occasions; we assume it is in the hearts of the people. (Hear, hear.) But our friends, for the sake of self-protection, out of sheer necessity, are inculcating a kind of nationalism, with all its appropriate symbols, that on a calm discovery is almost pathetic; and they are doing it because they dare not trust the principle of patriotism in the old sense of the word.

When you look across to Europe what do you see there? Who could trust patriotism in the Balkans? Who knows where Europe would get to if every man were simply true to his fathers? In the Great War there was nothing more horrible than that. We made the discovery, with breaking hearts, that the principle of patriotism divided families, put husbands and wives in opposing camps, and indeed in some cases divided the children themselves. Espionage became a disease; the spy-devil we called it, and it was all due to the fact that our modern world is not true to our territorial boundaries. It has become intermixed. Bloods are intermingled, and for better or worse we have a civilization that is world-wide. That is the point.

But what we discovered in the Great War was this: that we had no institutions that corresponded with the facts. All our political institutions were nationalistic. They assumed that their functions ceased at the frontiers. There were but the crudest and most tenuous means of extending them beyond the frontiers. Embassies and consulates in all manner of nations had the greatest difficulty of communication. Very seldom did significant statesmen in neighbouring countries meet face to face like ordinary humans. If the Foreign Minister of Great Britain met the Foreign Minister of Germany—well, he didn't do it if he could help it—and when he did, he did it in the dark, for if it were known that they were meeting, the world would be alarmed. When King Edward VII was over in Europe to take the waters about 1910 and paid a visit to his nephew, the ex-Kaiser Wilhelm, the world was startled to its very depths.

No institutions corresponded with the facts. Only national political institutions based upon the age-old assumption that you could be at war with your neighbour at any time, and therefore, even under the profession of friendship, you must secretly be worming out their secrets and matching their plans as against some vital disaster that might take place. And during the War we found we had a world war, which showed we thought we had a civilization of a kind, but that there was not a single institution that had any valid authority; not a tribunal; not a court of any kind where, amidst four or five years of bitter destruction, some principle of peace could have been found.

That is why the dream arose in many minds of a League of Nations; it did not only arise in the mind of President Wilson, but it was he who put it over; I do not suppose the spokesman for any other nation would have been trusted. But this nation which had no international political history, so to speak, which seemed to have come into the war unwillingly, and not to have any purposes of aggrandisement to come out of the war, was allowed to put it over in the way the Americans always do, a completely organized new department. Having put it over, they went their ways. (Laughter and applause.) They succumbed to the appeal of home politics. The national spirit drew back, and the United States went behind their barriers more inveterately than ever before. The great gates that had been flung open for a century or more to the peoples of the world were shut with a clang, and now it is with difficulty that a stranger from afar can enter the paradise of the West.

Out of the war there came these two principles—the principle that culminated in the League of Nations, and the principle of nationalism, cruder than ever. Look where you will and you will see the world in the grip of those two tendencies. Nationalism was never so inveterate and fierce, and 100%, as it is in many parts of the world to-day. (Hear, hear.) Look at Russia, gone into a hermit's cell. Look at Italy, organized completely upon nationalistic lines. Look at the United States, in spite of herself trying to separate herself from the world and maintain a condition of things which was legitimate enough in Washington's day, which was tolerable in Monroe's day, but which is simply ludicrous to-day when you envisage all the facts. Look at India, in the grip of a national spirit. Look at China, shaking herself free from an age-old sleep, and determined to assert her national characteristics. Look at Japan, walled around with steel and forcing her way into the midst of the councils of nations. Look at the black folk of Africa, even they—most patient, least ambitious of peoples, probably—yet they are feeling the urge of this spirit. And all the while the voice of the universe shouting, if we would only hear, that it is one world we are living in now; that our frontiers are largely fictitious, because already man's needs and desires have not stayed behind the frontiers, but have gone into every part of the world.

I do not remember what I had for lunch now, but I feel sure that if we cast our minds back upon the meal of which we have just partaken we would be reminded that the corners of the globe had to be ransacked to put it on our table. There is not a shopkeeper in Toronto, no matter how small his business, who is not essentially an internationalist; his shelves proclaim that his small business has affiliations that run throughout the globe. And the problem of the future, as I see it, is very largely whether we can reconcile these two apparently opposing forces; whether you can find legitimate scope for a rational patriotism which will allow you to build up a political order that corresponds with the world as it actually is.

Now, I believe that the League of Nations is inevitable. I do not say it is perfect; I wonder that it is alive—(Hear, hear)—when I remember how it was born after four years' war, when men's nerves were over-wrought and their hearts were broken; when their passions had been even artificially inflamed—for there was nothing more deadly scientific than the way in which passion was kept at white heat those four bitter years. The soldiers could not do it at all; their passion died away in a sporty comradeship; they were quick to admit the good qualities of even the men who were seeking their lives; but at home, amongst the folk who were far away, among the privileged people who occupied armchairs and seats of authority, by the most diabolical and skilful propaganda the world was persuaded to believe that all the saintly virtues were within its own borders and the hellish vices were outside. And yet, born at such a time, the League is not dead, but it grows. (Hear, hear.) Herr Stresemann, that gallant German who literally gave his life for the cause, who was truly an internationalist, who came to be admired and almost loved by all the peoples of the world, when he brought his country into the League of Nations and had to face the spirit of nationalism that resented it, made use of these words: "The League is now the centre of world politics, and no thoughtful statesman dare stand outside it." (Applause.)

Well, I believe in the League of Nations as I believe in Parliament—which means that I watch it. (Laughter.) Because I believe in Parliament I want to get the right people in power. Because I believe in Parliament I will challenge the people who, in my judgment, seem to be the wrong sort of people. It is a poor way to deal with the League to say, "Well, we have got the League; that is all right." The League with Clemenceau at its head might be a different thing from the League with Lord Cecil at its head. All human institutions take their ultimate character from personnel; and we must keep the League vital, and get into it the kind of men who clearly see that world-civilization is one; and the position we must arrive at is one where the just rights of Nicaragua or Siam would be as safe as the just rights of the British Empire or the United States. (Hear, hear, and applause.)

Rights ought not to be scaled according to gun-power; and if you watch closely even this Naval Conference which is now sitting, I think it will be hard to resist the conviction that what we are really concerned about is prestige and bargaining power. If we mean the Kellogg Pact, then our armaments are comparatively irrelevant. (Hear, hear.) No private war is legal now; only the right of self-defence remains, according to law; and that self-defence will have to be strictly defined. I take it to mean defending yourself when attacked. But what will happen if, thinking yourselves to be attacked, you make war against another nation and beat them, and then find that in the process you have overrun a considerable amount of territory? What about it? I maintain that you have no claim in law to territory overrun. You had the right to defend yourself, but not to make annexations. Get that principle established, and we have gone a long way.

Now, Gentlemen, we have the British Empire, which is not perfect, but which is eminently respectable, and which has achieved a certain character. We, at any rate, understand what we mean by British fair play—(Hear, hear)—and I think the world vaguely understands it, not so enthusiastically as we ourselves do, but I still think the greater part of the world knows that there is something about the British attitude of mind which can be clearly defined. If you will forgive the illustration, and not think

I am using it because I am a parson—it just happened the other day when I was in Chicago, the guest of a very eminent Jew, Mr. Samuel Levinson, of the Outlawry of War Movement. A certain eminent Rabbi had spoken over the radio rather disparagingly of what is called the Christian Spirit. He pointed out the anomalies of our Christian civilization, and my friend the Jew said to me, "Well, I am not a Christian, but the Rabbi is wrong; there is such a thing as a Christian spirit; it is not always lived up to, but we know what is meant by it." And that is the great thing. (Applause.) Now, we know what is meant by the British spirit. We overseas people illustrate it; you Canadians and we Australians are intensely loyal to the Motherland, largely for the reason that the Motherland lets us alone. (Laughter.) If she were to monkey about with us and want to govern us from Westminster, no matter how generously, even sending us cakes and ale for Christmas, we would be rebellious. She says to us, "Go your own way", and we go our own way; but when the Motherland is in danger, we are there. (Applause.)

But, Gentlemen, all our Dominions are not precisely like that. We have a certain part of the Empire called India which presents us with the problems of Empire in the acutest possible form. Now, I believe there is no difference of opinion in Great Britain concerning the ultimate destiny of India; two Prime Ministers have distinctly said that India is to have Dominion status; the shades of opinion are concerning the speed by which it is to be accomplished, and naturally our conception of speed is slow, and just as naturally their conception of speed is likely to be fast; and the problem will be to reconcile those two rates of speed. I would plead for liberal minds. You can be cautious and yet liberal. Pray God it may not be in India as it was in Ireland—that, meaning the right thing all the time, as the British generally do, by the time they made their proposals, which to them seemed a great advance, the spirit of insurrection in Ireland had passed beyond that point, and was no longer satisfied with what was offered.

If we were to have in Great Britain statesmen who could dare to take the risk, dare to go a little bit faster rather than a little bit too slow, I for one would give them my support, for I believe that in the end the only foundation of a strong empire is that it should consist of a family of free peoples. (Hear, hear, and applause.) "Commonwealth" is the word we are learning to use, instead of "empire", and it is a great word; "commonwealth"; a central part, central by reason of its history, its genius, its consolidated strength, but a true Motherland surrounded by her sons and daughters who are in the Empire, not because they are kept there but because they want to be there. (Hear, hear and applause.)

There is another Empire forming south of you. That is what I have been telling them, anyhow; they have not always liked it, and some portions of their press have said some very illuminating things about me; but I have been simply pointing out to them that, though they are a republic and a democracy, and though they have no foreign territory except a few little excrescences like the Philippines and other places, concerning which they are not at all sure whether they want them or not, yet they are sending dollars all round the world—eleven billion dollars of American money invested among the peoples of the earth, and about a billion dollars a year more following in their tracks; and unless we can create the institutions that belong to a world-wide civilization, then I for one see no possible means by which the United States can avoid becoming an empire. Where the dollars go the ships will go. Where one has trouble anywhere, or American money, American property, American lives are in danger, then American ships, American marines, American troops are likely to follow, and once they are there they may not come back by the next boat; they seldom do. That is how the British Empire grew. You know we never meant it—we can say that amongst ourselves as a family—we did not mean the Empire; it grew in a fit of absent-mindedness. (Laughter.) We just were trading. For instance, merchants went out to India and established trading points at Calcutta, Bombay, Madras, and so on, and then of course trouble occurred and had to be straightened out, and when it was straightened out—well, the frontiers were enlarged, and we just happened to forget to come home. (Laughter.) We have never stolen anything in our lives; we have only occasionally seen a place that looked as if it was losing itself, and we shepherded it. (Laughter.) We just went sailing around the world, travelling and trading, beaming genially through our glasses like Mr. Pickwick, and then put our hand in our pockets and drew out an island or half a continent, and said, "Now, how did that get there?" (Great laughter.) And they have already started strolling. They blundered into a place called the Philippines and said, "We don't want it, still, we had better take care of it till things straighten out." And the date for straightening out the things is indefinitely postponed. (Laughter.) They don't want an empire, if you ask them; they are not thinking that way; they are in the midst of a complex world, and things happen without being planned; and it might conceivably come to pass that the United States would some day present to the world the phenomenon of a nation cradled in the ideas of the Declaration of Independence, but stabilized among the nations by the strongest armies the world has ever seen.

I see no alternatives, Gentlemen; only this fight between the spirit of a narrow nationalism and the spirit of a broad world citizenship. I see no task in the future comparable with the supremely challenging one of slowly building up through successive generations institutions of conciliation, of arbitration, of law, which become more and more valid, and which have this supreme virtue, that they correspond with the facts of the world as the world has come to be. And in that great task I think I see, I dream I see, I hope I see, I pray I see, one people supremely qualified in history, accustomed to contact with all manner of nations, with the genius for trade and for government, with the genius for law, with the genius for fair play; and I hope and pray that the British Empire may crown her glorious history by giving the constructive political statesmen's leadership, the moral leadership that the world needs to-day, and go down through the coming ages not merely glorious because she had an Empire upon which the sun never sets, but because that Empire showed the way, by itself becoming a Commonwealth of Nations, to that vaster circle in which the rights of the weak are as valid as the rights of the strong. (Loud applause, followed by the audience rising and giving Three Cheers and a Tiger.)

THE CHAIRMAN: Gentlemen, I know I express your thoughts when I say that this has been one of the most thought-provoking addresses that this Club has ever listened to. (Hear, hear.) I may say on your behalf, I am sure, that Dr. Norwood has come, he has spoken, and he has conquered, and we thank him. (Loud applause.)

PEACE AMONG THE NATIONS

AN ADDRESS BY HON. M. M. LOGAN, OF KENTUCKY.

28th February, 1930.

MR. WILLIAM TYRRELL introduced MR. LOGAN, who said: The biggest problem in the world is the working out of plans that will ensure peace—permanent and honourable peace among the nations.

I am proud that I am a citizen of the United States of America—yes—and I am also proud that I am a neighbour—a very close neighbour—to the citizens of British America. Our nations are two eagles flying together—unafraid of each other and unafraid of the nations of the world. It is, therefore, fitting that we should be what we are—living examples of peace.

If there should be those who say that we are pacifists, using that word in its present-day meaning—that we are afraid to face an enemy on any battle front—let them go read the records on the battle-fields of France and Flanders, and look up the graves scarce covered with grass—graves filled with the mouldering bones of valorous young men whose dauntless courage that was is to us a heritage and a lesson—a heritage in that they are of the ages because of their unmatched sacrifice on the altar of humanity—a lesson in that their sacrifice has brought into the world the idea branded on the hearts of men—that never again shall such a sacrifice be demanded of youth by the nations of the world.

If it be admitted that war is a necessary function of nations, likewise it must be admitted that society has taken its last step upward. At the zenith of civilization there can be no resort to war. Therefore, as long as nations resort to war, society is imperfect. Civilization is progressive in its character. The new heaven and the new earth, written about by the Saints of old, were, probably, no more than this earth of ours when civilization has reached its highest point.

Law has been gradually substituted for war since civilization was at its dawn. In the beginning the individual was without government or law. He sought out a favoured spot where he lived because of its natural advantages. These advantages consisted largely of food, water and shelter. No law protected him in his right of occupancy. There was no government to which he could appeal for protection. The weapons which nature gave him and the strength of his sinews constituted his equipment for war, both defensive and offensive. If another sought that which he claimed, he resorted to war. His life was one of constant warfare. In protecting that which he claimed as his, he waged defensive warfare, but if, perchance, he sought the favoured spot of another, he conducted a war of aggression. Then there was no way of settling disputes other than by war—individual warfare between man and man. Aside from his natural strength one individual had little advantage over another. There was no agitation over the size of armies and navies.

In the course of time the individual gathered about him a family. The members of the same family did not engage in warfare with one another. Rules were evolved for family government. These rules were the law, and they were substituted for war; hence, these were the beginnings of the abolition of war and the substitution of law. There was peace in the same household, but each family fought with every other family; there were more days of peace, but the battles involved a greater number of individuals.

Families grew into tribes. Members of the same tribe did not make war on each other. They were governed by tribal laws. Law took the place of war in the lives of a greater number of people. This was another step in the abolition of war. Law had made gains and war had suffered losses. But a tribe made war on other tribes. War had not been abolished. Law had been substituted for war on a larger scale, but there were no inter-tribal laws.

Tribes developed into states. Those familiar with the history of the feudal days in England will well understand the welding of small warring groups into a great state governed by laws. With the advent of states there was a further abolition of war. Law was forging its way to the front. The citizens of states did not war with each other, but the laws of a state governed only those within that state. States made war on each other.

Then came the confederation of states, resulting in the substitution of law for war in ever-increasing areas with ever increasing populations.

Should we say that any country is civilized if its citizens, as a settled policy, make war upon each other for the settlement of private rights? Should we say that any nation is civilized if it allows its citizens to make war upon each other in the settlement of internal controversies? Should we say that Ontario is civilized if she should allow groups of her citizens to obtain by force what they could not obtain in her courts of law? The citizens of the province look to the law for the settlement of all internal disputes. Dominions, a part of the British Empire, settle their controversies through procedure provided by dominion laws, and the citizens of one Dominion do not engage in warfare with the citizens of another Dominion, because British laws afford means of settling disputes between Dominions. So it is in the United States. Individuals submit their controversies to legal tribunals. If a citizen of one State has a grievance against a citizen of another State, he looks only to the law for relief. If one State has a controversy with another State there is no thought of war. The courts are the supreme power for ending disagreements. The judgment may take from an adversary a vast domain, but it requires no army to put the judgment into effect. An individual, clothed with the majesty and authority of the law, finds no resistance to his official demands.

Peace among members of the human race has been achieved and brought to its present state through a process of education and growth—through a better understanding of each other. He who says that law can not be substituted for war, denies that society is capable of further progress, and affirms that it has reached its zenith. If we measure the future with rules of knowledge gleaned from the past, we must conclude that he who argues that war must continue as one of the legitimate functions of national existence, is without the support of sociological history. Individuals, families and tribes engaged in war until law was established. Law prevents warfare among the citizens of the same nation. Law prevails in every part of the world and affords ample remedy for all wrongs except the wrongs of a nation against a nation. Society is divided into about sixty main groups called governments. Each of these governments has supplanted war with law within the component parts of the same government. If these sixty governments can agree upon a tribunal, or tribunals, with judicial powers for the determination of international questions of disagreement, civilization will have taken its last step in the abolition of war.

No one will contend that any international agreement will entirely eliminate violation of the laws made for the settlement of international controversies, but the nations, or the citizens of nations, who should violate the laws for the settlement of such matters would become outlaws, and they could be made to atone to the offended law. The laws governing citizens of a state are frequently violated by those disobedient to the laws, but organized society is behind the laws, and the punishment of offenders is measured by the laws themselves.

If the statesmen of the world are unable to establish a system of international laws regulating the offensive conduct of one nation toward another, and to erect tribunals for the administration and enforcement of such laws, there is little hope for a long continuation of the present cycle of civilization. If this cycle fails to achieve universal peace, there will be a recession into that darkness from which the human race has toiled upward through the painful years. Like Moses we stand on the mountain in sight of the Promised Land. Shall we take the other step, or shall we leave it to another age which, many thousand years in the future, may have again worked its way up from the depths?

It may not be actual war that destroys the nations of to-day. The mad race among them in preparation for war is probably as dangerous as war itself. The burden of it all rests on the bent backs of groaning humanity. Year after year the burdens grow heavier. A large part of the earnings of every citizen goes toward the payment of the costs. A large part of the time of every citizen is given in labour to support his government in its warlike activities. The increasing weight of these burdens is fast approaching oppression which has been the chief factor in the downfall of all nations. It always leads to revolution or serfdom.

It was said recently by President Hoover that it is possible to abolish poverty. If the money expended for and as a result of war should be expended for the welfare and happiness of the race, the result would be inconceivable. How useful it would be in the fostering of industries for the employment of millions; in the elimination of unsanitary conditions in the great cities of the world; in affording opportunities for education and recreation; in the creation of beauty; in the promotion of health; in caring for the unfortunate, and in making happiness the dominant note in every voice and love the law guiding and governing every heart!

The World War shook the very foundation of society and obscured for the time civilization itself. History will never record its horrors. The imagination of man cannot grasp them. Hearts unnumbered were crushed and sorrow inexpressible was brought into innumerable homes. The moving battle fronts with carnage-filled trenches presented a picture that no painter will ever put on canvas, scenes that no sculptor will ever chisel, an epic which no poet will ever give to the world, events that no historian will ever narrate. For more than four years the thunder of guns drowned the voices of the world. Mothers prayed that the nations be made sane again. In the darkness of the Stygian night hope was born—a hope that the sacrifice might not be in vain—that it was "a war to end war". Responsible leaders impelled by the pressure of public opinion, began to whisper it about that such an unholy spectacle must not again deluge the world in blood.

Then peace came with its staggering problems. The Treaty of Versailles with the League of Nations Covenant and provision for a World Court was the first step toward peace among the Nations. One day the world will erect monuments of enduring marble to the memory of those who wrought there, and among that number no one wrote his name in larger letters of living light on that immortal page of history, than that statesman, philosopher and prophet, the then President of the United States, the friend of society, Woodrow Wilson. He gave his life for a cause more sacred than any other—the cause of humanity. And there with him, seeing eye to eye, his equals in purity of purpose and unselfish statesmanship, were the representatives of the great mother of free nations, the British Empire.

There was joy in the hearts of the peoples of the nations when the Treaty was signed. The representatives of the nations had opened a door of hope. The United States, for reasons known only to some of her statesmen, failed to carry on. I make no criticism of her conduct. We have currents of opinion and actuating motives not well understood by other nations. The heart of the people of the United States has always been true to the ideals of those who believe in law as a substitute for war. Our people have not grown faint in their adherence to the idea that finally the nations, acting in unison, will set up the necessary machinery for the abolition of war. No political party in the United States has ever declared against a working agreement which will promote and ensure peace among the nations. The nation has moved with hesitating steps, but with unfaltering vision, in the path that leads to national concord.

The League of Nations was offered to the world at a time most unpropitious. The fires of national patriotism burned brightly and nations were suspicious of each other. It is no great cause for wonder that the United States held back, fearing what she might encounter just around the corner. But that is in the past. We did not go in. There has never been a plebiscite on the question. The political campaign of 1920 was fought between the Democrats and Republicans, the one declaring for the League of Nations and the other declaring for an Association of Nations. A few days prior to the election the ablest and most outstanding leaders of the Republican party, including the now President, issued a manifesto, advising the voters that the quickest way to get into a league with other nations was to elect the Republican Candidates. The question has been an issue in no other campaign. The League has made fair progress notwithstanding the hesitant policy of the United States toward it. The first decade of its existence has amply justified its organization. It has introduced among the nations an entirely new system of international dealings. It has brought about co-operation in important affairs and made nations know each other better. Its record is, indeed, one covering a wide range, touching all branches of international relations and every stratum of international life, reaching all countries on every continent. The record includes the organization of the World Court and the establishment of a permanent Secretariat; the holding of an annual Assembly and a periodic Council. It has provided standing committees and an evolution of new methods of conference, correspondence and co-operation. It has settled eighteen political disputes which might have resulted in war, and has decided thirty-two judicial questions. It has given stimulus to the Locarno and Kellogg Pacts; arranged for the holding of forty general conventions; registered four thousand treaties; prepared for a disarmament conference; provided for international supervision of mandates, minorities and special districts. It has enunciated financial and economic doctrines, and organized reconstruction loans totalling four hundred million dollars. It has freed international intercourse from many restrictions and facilitated the work of business men abroad. It has brought about co-operation among the nations for the safey of the sea as well as in news transmission, and it has reduced substantially the opium and white slave trades. It has fostered a world convention on slavery and obscene publications. It has repatriated four hundred thousand prisoners of war and cared for thousands of refugees.

The United States is not unmindful of the work which has been done through the League. She is moving slowly and with caution, but the time is not far distant when she may become identified with the League in a manner satisfactory to all nations.

At this time there is little doubt that the United States will soon adhere to the World Court. When this action shall have been taken, another step toward substituting law for war will have been accomplished. On December 9, 1929, the representative of the United States, under the directions of the President, signed, in behalf of his nation, the original World Court protocol of 1920, as well as two protocols adopted by the World Court members in September, in a conference assembled for that purpose by the Council of the League of Nations. Three nations must yet sign the Root Protocol before the United States can adhere. Fifty nations have already signed. When all the nations which have adhered to the Court have affixed their signatures to the Root Protocol, the United States will doubtless ratify the original protocol and the two recently proposed. Our national administration favours adherence to the World Court by our Nation.

The "Moving Providence" mentioned by Woodrow Wilson in his last public utterance is at work in the affairs of the nations. The Kellogg Treaty, while of little practical benefit without the erection of machinery to carry it into effect, is evidence of that " Moving Providence" which will not be stayed. The substance of this treaty is that the nations "condemn recourse to war for the solution of international controversies and renounce it as an instrument of national policy in their relations with one another". In this treaty there is no stipulation to disarm; there is no agreement to arbitrate and there is no definition of the nature of the controversies. Secretary Kellogg, in transmitting the treaty to the forty-eight States to which it was sent, took occasion to explain that it was not intended to restrict defensive war. The treaty, perhaps better known as the Pact of Paris, is at least a gesture toward a forward step in the direction of peace among nations.

The Naval Conference in Washington in 1921 was not harmful. It was the initial effort, so far as the United States was concerned, to grapple with one of the fundamental questions which must be solved before the nations can travel far toward peace. The Washington Conference left the way open for further consideration of the problem. The visit of Mr. MacDonald of recent date and the conversations between him and President Hoover have been of a heartening nature. The Five Powers, Great Britain, France, Japan, Italy and the United States, are now engaged in a sincere effort to bring about an agreement among themselves relating to naval limitation of armament, which may be of far-reaching consequences.

There has been no cessation among the nations during the last eleven years in their efforts to prevent a recurrence of war. There is selfishness in nations the same as in individuals. Selfishness and prejudices are holding the nations back. These should be removed; but they are hoary with age, and nations must prove the sincerity of their efforts to make war yield to law, before suspicions may be allayed. They must deal with peoples of different traditions, different religions, and at different stages of progressive civilization. Mighty men of mighty interests will stand for the old order until they are overcome. Visions of the World War will rise before them in their dreams, and increasingly their slumbers will be broken by nightmares of horror. When it is borne in upon them that they—if they succeed in defeating the wishes of the people of the nations—will be responsible for the miseries and horrors of unborn generations, then may we not hope that they will understand that a "Moving Providence" will not be hindered; that the hope of humanity is law, not war, that peace is the final destiny of the nations? Not until then will civilization reach the pinnacle of its glory.

Then comes the time:

"When the war drums throb no longer
And the battle-flags are furled
In the parliament of man,
The federation of the world." (Applause.)

The thanks of the Club were tendered to the speaker by Sir William Hearst.

THE WHEAT SITUATION

An Address by C. R. FAY, M.A., D.Sc.

6th March, 1930.

Vice-President Stapells introduced the speaker.

Professor Fay was received with loud applause, and said: Cautious economists and established grain men must, I conceive, view with some apprehension the course of events which has taken place in the grain trade in the last ten years. They are aware that the trade had built up a system which from the marketing standpoint was highly efficient, its efficiency including, in particular, three things: first of all, the grain markets, in touch with one another, provided a continuous market in all seasons; secondly, although all the crops of different countries were sold at different times, this did not result in an anarchy of delivery; the flow into the great consuming port of Liverpool was evened out over the months (I have heard that from my boyhood, being a Liverpool boy); and, thirdly, the market devised for its traders, its elevator men, its exporters, its importers, and its millers, a system of insurance by the device of hedging, which was highly steadying to the legimitate channels of trade. Those three great services the grain trade rendered in the past.

We are now confronted with the problem why this technically most efficient service has failed to give satisfaction, not only in this country but in every great grain-growing, grain-exporting country, to the producers of that commodity. What is the cause? It is not to be presumed that tens of thousands of people in different countries have been taken with some freak of insanity, and thrown away that with which they are content. What is the explanation?

I conceive that the main explanation is this: this system was devised from the standpoint of traders and consumers, but it failed to take into mind certain fundamental needs of producers. And what were they? First of all, there was the great need of the isolated farmer working out on the prairie, to know when he should sell his crop. He got on with production, and generous Nature produced ever more, but when to sell he could not know. He was not an expert marketing authority; and the machinery of the hedge stopped short of him. Take the Canadian West. There he had the great risks of disease, pests, lack of rain. He found himself exposed to these natural ills; he was inexpert in selling, and so he and his sort followed the trend of all modern industry; they proceeded to stand together, and to transfer to broader shoulders the grave risks that inevitably attend the growing and marketing of a variable seasonal product.

Now, structures like the Wheat Pool in Canada to-day do not arrive in the twinkling of an eye. You may in a moment rashly institute a government authority with unlimited funds, which may do things right or do them wrong. Whatever else our Pool organization in the West is, it is not an improvised contrivance of the moment, but the ineluctable growth of thirty years of corporate effort, divided into three great stages, each of them following one upon the other.

I am only talking that which is familiar to many of you who have watched the growth of the West. But here it is. First came the great fight for equality of opportunity on the railroad, for equality of shipping privileges. Then came the great fight for entry into what to farmers at that time was the unintelligible mystery of the operation of the grain trade. That fight went on from about 1908 down to the period of the War. But the War compelled the suspension of the normal operations of the trade, and it was then seen that with one great buyer, the Allied Governments, it was necessary also to have one great seller. That seller operated with very striking success under favourable price conditions.

I came out here in the year 1921. I had already for the best part of twenty years been a keen student of the co-operative movement in Great Britain and Europe; had seen its great contribution to stability in the life of industrial England; in the life of the Continent among peasants and farmers of Denmark and Germany. One of my first tasks was to read up, here in the east, all the literature that I could find, and then I went out and spent a summer in the West, travelling around.

What did I find there in 1922? I found a country at the cross-roads. They were going through a terrible, drastic experience; plenty of individual hope; very little of corporate faith. The Government, through government intervention (as it always works), had taken them out of themselves and taught them to look above for their salvation. There was a great clamour at that time for a renewal of the compulsory Dominion Wheat Board. I think it was greatly to the strength of the Canadian West that such a solution was rejected; that they went back to their own prairie traditions and carried them forward, that they advanced their tradition of co-operation up into that third form that has taken the name of Pool—i.e., commodity marketing by the co-operative method, wheat pools, coarse grain pools, livestock pools, dairy pools, and the like.

Now, it soon became clear to an old student of co-operation that here was not only a new movement, but one that must cause trouble between the old school and the new. The old school who had done genuine co-operative work in the past—the United Grain Growers and their friends—were of the opinion that this further move towards the Pool would end in disaster. The Pool retorted, "Where are you heading? How do you stand to the farmer in essentially different relations from that of any other well-conducted line elevator company?" I do not think there was any effective answer to that. I do not think the fact that there were numerous farmer shareholders in the farmers' grain companies distinguished them essentially from well conducted line elevators. At any rate, the bulk of the farmers were not satisfied. They felt that the control of their economic life was slipping away from them; that they were losing the fruit of their economic efforts. They saw that the government was averse to coming in and doing the task for them, and therefore they went forward along the line of voluntary co-operation, to sign up their people to a contract, assuring them that their efforts must be futile unless they got a membership covering fifty per cent. of the crop.

Thus there was something approaching civil war inside the co-operative camp, and there was naturally bitter hostility from people in the grain trade—there always must be when a new structure is proposed. But they went on, and if to-morrow the Wheat Pool should close down, we could say unhesitatingly this—that the Pool, with its first five-year record, put a new corporate life into the West, as anybody could see who went there again, as I did, in 1926 and 1928.

In 1922 the talk was of moratoriums, of doing something to the banks, of getting the Government to do this or that; but when I went back in 1926 and 1928 I did not hear any such wild talk. At many a Pool meeting I have attended I have heard members say, "Well, we have done something, but there is only a bare living from farming when all is said and done." It is not from the responsible officials of the Pool, it is not from the men who are working at the problem that you hear these gigantic claims of what the Pool can do, contrary to all economic law. It is either from their ill-advised supporters or from those who pay a high tribute to them now with the hope of having a "go" at them next month.

What has been the latest development of this great organization? Where do they stand in relation to the world situation in wheat? Here I have to introduce a new idea. The question is a very fundamental one—the general trend of prices of raw materials in relation to those of manufactured products—and I freely confess that, contrary to the opinion of most academic economists, ever since I first saw the Canadian West, which was in 1909, I have been what is called a "bear" about the prices of raw materials. In England very often there has been a tendency to cry shortage and scarcity, but I cannot see it coming, and I never have seen it since that year of 1909, and for two reasons: the enormous increase of technical capacity in production, and the enormous improvement of transportation; so that the great unused, barely-touched reservoirs of the world are pouring their plenty into the world's markets at a time when the trend of population is to slow up and not to increase.

This applies to producers of raw materials the world over. Seen in its broadest aspect, there is the same kind of response everywhere. If the growers of wheat alone were trying to regulate and control their production, we might suppose that they were making some foolish local error. But apply some of the criticism that you have no doubt heard about the foolish interference with the laws of supply and demand to such things as petroleum, copper, ocean freight, etc. Do you suppose that those things are allowed to take the course of supply and demand as they were fifty years ago? No. People realize that if they do not control production and prices there will be anarchy of production, which will react ultimately, with great injury, on the economic strength of the country as a whole. They not only do try to control the production; they must.

This new necessity of life is clearly not a thing that is going to be mastered all of a sudden. In the past we trusted to Nature in our population and in our production. One reason why we were able to do so was that our mastery over Nature had been really so very limited that we were not able to drown ourselves with Nature's abundance; but we are now not in that position.

It is almost certain that such a change, occurring among producing countries, will be offset in complementary fashion by changes occurring in consuming countries, and so the great movement of producers in all leading commodities to control their production brings with it similar action by those who use these things. Even if there were no Pool you would find the milling trade and the grain trade fundamentally altered, by the fact that there is no longer the old array of grain men and independent millers in Great Britain. There are two or three giant concerns which between them divide up the lion's share of the business. I do not call them a trust; I call them simply a part of that manifestation which is general throughout life, which we call the rationalization of industry.

That being so, the further move of the Canadian West towards bringing its own crop under its control as far as might be was not an isolated incident that we can either approve or disapprove; I do not think that is a scientific outlook; rather, I should say, it was bound to come. The only question is whether there is a better or a worse way of meeting this insistent demand that the agricultural community shall line up with the laws of economic life, in order that it may get into such a position that it may take its part in the competition of giants, which alone rules in great business to-day.

It is said, "All this is unnecessary fuss; you can get your wheat grown in any case; people with initiative will be always there to grow it. Look what happened from 1900 to 1914; did we need to worry then?" No, we did not need to worry, but the farmers were not making fortunes out of growing grain. Those who made money were farming for their title-deeds and getting their return in the increased value of their land. Such returns have been notably absent since 1921. Nor did we need to worry about alternative employment; we were building railways; we were living in our railway age. Just as in England in the 1840's and in America in the 1850's and 1860's there was a great railway age which dominated these countries, so there was in the 1900's in the Canadian West a railway boom which provided employment for nearly everybody who went out, as well as demand for oats, for example, and for the use of teams. But that has gone. The farmer now has either to live by the sale of his crop or to go under.

When business is depressed or when it fears depression it takes steps to defend itself, and it has one very terrible, and yet I think necessary, defence—it can put people out of their job, it can close down a plant, it can lay them off by the hundreds. The ultimate reactions of that are very profound, but I am not here to speak of industrial unemployment. I merely ask you to consider the case of the farmer. He has no such remedy; if anything, he has to work harder in a bad year, in order to get back from his own labour and that of his family what he has lost in the crop the year before. It has been calculated, and I see no reason to doubt the figures, that if you allow to the labour of the farmer and his family an unskilled rate of pay such as most industrial labour gets, you would put nine farmers out of ten into the bankruptcy court. There is not the money in it.

What sort of people are going to stand this? Here I come to what, to me, is the all-important thing; what kind of life do we envisage for the Canadian West? I will give you two pictures; choose which you will. One is a picture of a West in which all those who know which way their bread is buttered clear out of the job where there is no profit, and get into the towns. And if I were asked to go into such a West to speak at Canadian Clubs and Empire Clubs, I should speak in the towns and in the towns only; and feeding those towns with raw materials would be a great mass of farmers, not living the Canadian standard of life, but the standard of life of the gentlemen in sheepskins of whom we hear from time to time. Can you endure the thought of that? I cannot.

I have been to the summer schools of the West—the Co-operative Pool schools—and I have there seen scenes of idealism which make a man glad to be alive. I have seen young men and women banding together to learn the lessons of co-operative life. They reject the implications of a competitive system. They say, "It gets us no further; how would we ever have got on if we had not stood shoulder to shoulder, and backed each other's efforts?" People say, "Your farmer is an individualist; he will never co-operate", just as used to be said of the Anglo-Saxons, "They won't co-operate." But they have produced in Great

Britain one of the most magnificent group efforts of this last century, the co-operative store, and in the last ten years co-operative effort has made history as never before in the Canadian West. Go to any co-operative school in any State of the United States, and what do you find? People coming up to you with intense pleasure to meet a Canadian. Why? Not because you come from Toronto, though Toronto is a very great city, but because you come from a country that has a Pool like that in the Canadian West, from a country that has felt through to a corporate solution of this fundamentally difficult problem, how to get a reasonable wage out of farming, and at the same time how to maintain the kind of life which we associate with Canada.

Canada is a balance; our Dominion is a compromise, on the whole a very fair compromise, and I think we have got to say this to the West: "We in the east do certain things to you which are against your interests, and we cannot help doing them. If you ask what would be one certain means of increasing the real income of the Canadian West it would be to let in, absolutely without duty, manufactured products of the country that takes the mass of our grain consumption; to have absolute free trade to-morrow with Great Britain. That would greatly increase the real demand of British consumers for the product of the Canadian West." But we cannot do that; and why? Because we have our own industries to build up, and we hope one day to be able to replace the great part of that demand which now comes from thousands of miles overseas by one that is fundamentally more stable because close at home, within our own Dominion borders. But, pro tanto, we do for the time being hurt them in that respect. Conversely, the West ought to be able to say, and will say it, whether we want them to or not—and I think we ought to welcome them saying it—"You have got to stand behind us in this. We have got to live together as a Canadian Dominion. Are we to accept the run of the market when the fact, the world over, is that the run of the market leaves us without a living wage? Are we going to let this occupation of ours get down to a level at which there is only one solution, perhaps two? The one and obvious solution is to get out of it ourselves and let anybody, with any standard of life, come in and do it. The other is almost as undesirable; it is to forget that farming is not only a business, but a way of living. Then we can go at it purely as a business; we can mechanize it; we will not have a social life; we will not think of building the West with healthy Canadians; we will use the tractor and combine, and turn farming into a great company organization, getting the cheapest labour we can for the purpose. In other words, we will constitutionally perform what Mr. Stalin is trying to perform in Russia by violence." I do not want it. I do not believe it is for the stability of Canada. But rest assured that one of these solutions will come unless the farmers can go on to develop their co-operative strength on the lines of their thirty years of co-operative work.

People say, "Well, if they don't get this or that price this year the Pool will go out, and they must start again." Of course, they will start again some way, but if the Pool goes out because you do not give it all the support it deserves, the corporate life of the West will be set back for a generation.

I am not here to say that the Pool in its present marketing year has been all-wise. I take it that as we review our own relations with the stock exchange—for myself I have unfortunately no capital (Laughter)—we can say we might have been a little more wise than we were shown to be in November last. But I rather think it is poor tribute to the judgment we have, in our own handling of the currency or the stock exchange, to lay the blame upon the farmer. He is all-important in the West; he is not so important here, and whatever depression we get into, if we do—I do not say we will—we are as much responsible for our mistakes of judgment as to the price of securities, as they perhaps are if they have misjudged the price of wheat.

Another thing. You have to ask yourself, "Suppose we had not had this Pool? Suppose they had not done what they have done? What should we have had?" Well, the might-have-beens of history are always very difficult to calculate, but I rather think it would have been this—an irresistible demand for action such as the United States Federal Farm Board has taken. Now, as between the two, how do you view them? I am not a grain man, but I should not be surprised if the grain men sell the surplus grain of the West several times over to the Federal Farm Board before they are finished. (Laughter.) The Pool is not going to land us into trouble of that sort. I read recently, in an article in *Saturday Night*—not mine; that was the week before—a reproach that the Premiers of the West had lightly undertaken what may be a serious burden. I wonder if these critics know the class of men those Premiers are, and the sort of problems the West has? I listened once to Premier Bracken's budget speech and the tremendous insistence he laid on the taxation and economies required to put the economic situation of Manitoba in good shape. I have listened to Premier Brownlee down in the University of California, telling the American Co-operative Institution what the Pool means to Alberta. He said, "We are behind it to a man." It is no hurried conversion; rightly or wrongly the Governments of the West have decided that this new corporate life, this triumphant creation, above all other creations, of the Canadian West, this structure to which all the States of the United States look with envy, is worth backing.

No great new birth comes without its risks. I think one must allow, from a statistical standpoint, that the Pool and the trade together in this country, and the trade in America also, under-estimated the possibility of price decline. I think they forgot that Europe is no longer the certain bidder that it was, that it has turned around inside itself and supplies more of its own needs on a rather simpler scale. I think they forgot, too, that there is always the possibility of alternative supplies coming along in greater volume that at first sight looks possible. But that is no reason for giving it up. No great marketing organization is going to get through without some mistakes unless it is astonishingly lucky. What have they tried to do? They have not been trying to hold back the wheat in the West; their very organization precludes that notion. Their offence in the eyes of the trade was that they went through the exchange to the final consumer. They have been working in London, in Liverpool, in Hamburg, in Rouen, looking for real demand, like a person treading water in order to touch the bottom. They have not found the demand there, although always hoping by little dips to find signs of it. But for the Pool, with the great crop of 1928, and after that the short crop of 1929, I think we should have had a demoralizing smashing of prices, which would have made even more certain an appeal to the Government comparable to the appeal which has produced the Federal Farm Board in the U. S. A.

That, Gentlemen, is my summary of the situation, and I would like to close on an Imperial note. I am not satisfied that we are making the most of our Empire economically. I will relieve your apprehension at once. I am not a Beaver. But in the first place, we have not any body of imperial statistics. You hear the statement in the British House of Commons that England gets thirty per cent. of her wheat from Canada. This is calculated with reference to the last port of shipment. But, as we know, a great mass of wheat is either milled in bond in the U.S.A. or moved in bond to New York ports; and if you make the necessary corrections you find that Great Britain in normal years derives not thirty per cent., but over fifty per cent. of her wheat from Canada. That is to say, her wheat imports to the extent of fifty per cent. consist of wheat harvested on the Canadian prairies. And we should know much more about that other Imperial problem so closely connected with it—immigration. The farmers of the West have been loath to pile up immigrants on themselves. I remember so well that I was preaching co-operation at a convention in the West, and they were getting very tired of me—I had been talking hog pool, or something—and finally I thought I would denounce immigration. They all waked up, seven hundred of them—(Laughter)—and jumped up and shouted themselves hoarse.

What did that mean? It meant they were just sick of this constant idea that the one thing needful is to put more people in the West—and more people, and yet more people. They believe in their West; they want it to grow, but they refuse to accept a situation in which they toil along until good times come and then have those good times spoilt by excessive immigration. New immigrants can grow wheat with very little capital, and when these distress crops come to market they disorganize it and set back the prospect of stabilizing the West as a remunerative grower of wheat. To speak in the language of economics, the marginal return from agriculture is definitely less than that from minerals or merchandising or manufacturing, and it is an extremely difficult thing for the farmer to carry on under such conditions.

So I would conclude by saying that the Governments of the Prairie Provinces are wise in viewing this problem from a very broad angle. If we lose something, either as bankers or as governments, we should regard it as nothing more than one of the inevitable costs of translating the old-fashioned industry of agriculture into the rationalized life which now dominates all industries. We are never going to get anything big by playing safe. We of the East should not try to be with the West in its profits and separate from the West in its risks and its bad times, but we should show the same spirit to the West as we feel towards North Ontario. (Applause.) That is a point on which the West feels keenly. There is no hostility towards the East as such; that has gone. What they resent is rather carping criticism of the farmer for not minding his own business. If he does not, who will? He must in his own interests try and lift his position to one in which he has control over his own economic destiny. I do not want to be offensive in the matter of colour, but I call it nothing less than a fight for a White West, the West of our dreams, the West with families like our own, finding in agriculture a reasonable living, and having their hope of advancement there, building up around themselves ancillary businesses, elevators and the like, so that there shall be something they can invest in, other than land; because if they are confined to land they just raise the price of land against themselves. We want to try and pay back to agriculture some of the losses which specialization brings, and this we can most surely do by supporting co-operative endeavour.

I have never received any money by way of fees from any organization in the West, it is needless, I hope, for me to say. I have been paid for giving lectures, as all lecturers are. I speak to you simply as a student of the co-operative movement, and I say to you that this co-operative movement is world-wide. There is no country in the world where it is not a dominant hope. Of all the contributions that have been made to the most difficult form of co-operation—integrated large-scale co-operation—there is none so great as that of the Canadian West. It has been voluntary. It has been democratic. It has not been the co-operation of a few big men; it has been your ordinary homesteader, the man that is making a life on the farm. That is the man I stand by, and I stand by him through thick and thin. (Loud and continued applause.)

The late Mr. C. A. C. Jennings voiced the thanks of the Club for the interesting and informative address.

CANADA AND HER WHEAT

An Address by HONOURABLE FRANK OLIVER.

13th March, 1930.

Mr. William Tyrrell was in the chair and introduced Hon. Mr. Oliver, who spoke as follows: I feel it a great honour to have this opportunity of discussing a subject of such national importance, and I would like to suggest that it is not purely a western subject. I wish to discuss it as a national subject in its national bearings. A subject of such widespread interest, and having so many contentious features in it, can not be dealt with in detail within the time at your disposal or at mine. The best I can do is to touch on a few of the high lights, in the hope that by doing so I can help to secure a better understanding, in this centre of population and of influence, than has possibly hitherto prevailed. I am making the best contribution I can to this subject, and can assure you that what I have to say is an expression of my conclusions after the length of time in which I have been interested in public affairs, and particularly in western affairs, and yet not more in western affairs than in national affairs.

As I see it, and, I fancy, as you see it, at the present time her wheat is Canada's principal source of wealth. It is the expansion in the production of her wheat that has contributed most greatly to her own rapid expansion during recent years. In 1904 our total production of wheat, that is, western wheat, was 54 million bushels. In 1928 our total production was 540 million bushels. In the year between July 31, 1928, and July 31, 1929, Canada exported 407 million bushels of wheat and wheat flour, having a value of 450 million dollars. It is clear that the inflow of such a vast volume of new money into this country of less than ten million people must have had an enormous influence in stimulating prosperity.

Last year our crop was only 272 million bushels, or only half that of the year before. Instead of exporting 407 million bushels, the difference between the number of bushels that our farmers have delivered up to date and the amount that we now have in storage in elevators is only five million bushels. We have delivered 216 million bushels, and we have in storage 211 million bushels. Clearly the difference between our exports of last year and our exports of this year must mean a substantial difference in the financial condition of the country. There has been a recession of that condition of prosperity which prevailed a year ago. If I have read the figures correctly, our railways show a loss of earnings last year of $37,000,000. Our steamboats, both lake and ocean, are worse off, comparatively, than our railways. Our bank clearings have shown a great recession. I read that in this good city of Toronto, in the week ending March 6th, the bank clearings of this city were 27 million dollars less than they were in the corresponding week of last year. The Canadian dollar has been at a discount in New York for a period of eight months. It appears to me that there is an intimate connection between, first, the crop shortage, and, next, the failure to export the crop that we did harvest, and the financial condition that is now facing this country.

We did not fail to sell because the world would not buy. Our competitors, the United States, Argentina, Australia, have sold continuously. They have supplied the world's market, while we have held our wheat. It would appear to me that the difference in judgment between Canada and her competitors in the wheat business is worthy of very very serious consideration by ourselves, having in view the apparent results. When the great crop of 1928 began to come forward in the fall of that year—the greatest crop of course that we ever harvested—those into whose hands the wheat had come entered upon a policy of restriction of sales. There was, as a result, a tremendous transportation congestion upon the lakes and at the ocean ports. Port Colborne and Montreal were congested as, up to that time, they had never been before. When navigation opened a year ago, that is in April of last year, we had 185 million bushels of wheat of the previous year's crop in store in our elevators, to go forward overseas. I call attention to this point in criticising the policy that was pursued, that when we had by far the largest crop in our history, the largest volume of wheat to sell, and when because of unfortunate harvesting conditions a large part of that crop was below its usual standard of quality, our business was to push sales and look for wider markets. Instead of doing so, we restricted sales and held back our wheat off the market, so that, as I say, in the spring when navigation opened, we had 185 million bushels of wheat in store. When this wheat began to go forward on the lakes in the spring, the wheat of the United States also began to go forward. They had enjoyed as great a crop as we had. The Argentine, which came on in the intervening period following ours, had also had a large crop. The United States and the Argentine had supplied the world's market during the winter of 1928-29. When navigation opened, our wheat began to come forward in large quantity, and the wheat of the United States began to come forward in large quantity; naturally the price began to go down. The United States sold, but we still held. As you will recall, at the suggestion of President Hoover, the trunk roads of the United States reduced their rates a year ago for the express purpose of enabling the United States wheat to reach market at the price then prevailing. That was the United States attitude, while our attitude was that the blockade, which had been begun in the fall of 1928, was accentuated and increased in the spring of 1929. Nothwithstanding the continuation of the Canadian blockade, prices kept going down, until the price of $1.27 in March. I am speaking of the average cash price for the month, and I get that from the Canadian Bureau of Statistics. That average cash price of $1.27 for March became an average price of $1.13 for May. We had been holding back our wheat, while the United States and the Argentine had been selling; their sales had depressed the price. We had not been able to maintain the high price by holding our wheat off the market. In June reports began to come in of a prospective crop failure in the season of 1929. As a result of those reports, the prices that had gone down climbed even more rapidly than they had decreased, and in July the average cash price at Winnipeg rose from $1.18 for June to $1.60 for July. The highest cash figure in July was $1.78¾, and the lowest cash figure for July was $1.34½. After July a recession of price began. July, $1.60; August, $1.38; September, $1.49½; October, $1.38½; November, $1.33½; December, $1.33¼; January, $1.30¾.

At the end of July, 1929, we had still on hand 106 million bushels of wheat. This 106 million bushels could obviously have been cleared to the consumer during the high prices of July and August at an advance of from twenty to thirty cents over the price that had been paid for that identical wheat. But that 106 million bushels had not been sold; it had been held, and therefore and thereby became an addition to the crop, the short crop, of the current year, bringing that short crop up to the level of the average volume of Canadian wheat in an ordinary year, and thereby depriving the producer of the short crop from getting the advantage in the world's market of that shortage. The recession of prices has continued since January. At the close of market on Wednesday, March 12th, wheat quotations closed in Winnipeg at $1.04¼ for May delivery, and in Chicago at $1.09¼. The quotation for cash wheat in Winnipeg was $1.01⅜, but at one time during the day it was down to 98¾ cents. Our policy of holding back our wheat has brought about, or has resulted—or the result, in any case, is that we have the wheat on hand and the price is lower, or as low as it has been at any time within the last eight or ten years.

I want to make this remark: From July, 1929, until January, 1930, wheat prices have been above the average, the ordinary average. Increase of price has in the nature of things decreased consumption, until a world surplus has been built up that has broken the back of the market.

It is an important part of the functions of our banks to finance the wheat crop, that is to say, to provide the money that makes the payment for the storage of the wheat and carries it to the port of export. Hitherto it has been banking practice to require the dealer who has borrowed from the bank to keep down his line of credit by timely sales, and approximately to clear the obligation incurred in respect of one crop year before the commencement of another. Had this practice been followed in July and August of last year, there is no probability that the present condition would have arisen. At any rate we would have had only half as much grain on hand as we now have—we had 106 million bushels, remember, and we have 211 now—and therefore the Canadian pressure on the market would have been only half what it is. An outsider—and I may say I am very much of an outsider of the banking business—has no means of knowing by what process of reasoning the banks reached the conclusion that they were warranted in so far departing from banking practice as to lock up their funds in carrying 100 million bushels of wheat from one crop into another, through a period in which the market offered prices twenty or thirty cents in advance of those at which the wheat had been purchased. They could only have done it in the full confidence that the price would not only go higher, but go much higher. They were aware, as the whole country was aware, that the grain blockade had already caused immense losses to all transportation and other interests. They must have been made aware of, and assented to, the intention of the dealers to continue the blockade throughout the then and into the now coming season of navigation. Mere maintenance of price level could not be justification for action having such disastrous and far-reaching results as followed the grain blockade. The banks must have believed that a continued blockade would result in a further great advance in price. That is to say, they became the main partner in a colossal gamble in wheat; for without the money from the banks the wheat dealers, whoever they were, must have sold when prices warranted. (Applause.) Since 1923 the banks have financed two classes of dealers in wheat—the grain trade, handling approximately 45% of the crop, and the Pool, handling 55%. Transactions between individuals or companies in the grain trade and the banks are ordinary business affairs, in which, indeed, ordinary business principles are followed. The grain dealer must have capital which is pledged to the bank, and he gains or loses as the price afterward advances or recedes. If he cannot keep up his margins the bank sells him out. Until the present crisis arose, following the continued rise in wheat prices, the relationship between the banks and the Pool was similar, although not identical. The Pool is a co-operative organization of 140,000 farmers. The business is transacted by an elected executive. The executive pays the individual farmer his share of the wheat, less cost and charges. The first payment is made when the wheat is delivered, and subsequent payments are made from time to time during the succeeding year. The difference between the first payment on delivery and the final amount paid is, in fact, an advance by the farmer to the Pool executive to assist in financing the marketing of the crop. The Pool executive needs to borrow from the banks only the amount of the first payment, with carrying and storage charges. Subsequent payments to Pool members are made out of the proceeds of sale. In the crop year 1927-28 the first payment was 85 cents, on the Fort William basis. In 1928-29 it was one dollar. Roughly, by this method, the farmer is expected to finance about one third of his own crop. In 1927-28 he did more; as prices stood at the beginning of the present year, he was doing the same. But the subsequent price recession has materially altered the situation for him as well as for the banks. It is now a matter of public record that the banks consider the Pool's resources either unavailable or inadequate as security, for it has become necessary for the Legislatures of the three Prairie Provinces to pledge the provincial credit, protecting the banks against loss, whatever it may be, when the wheat is ultimately sold. The

Legislatures of the three Provinces assumed responsibility for the advances made by the banks to the Wheat Pool, and a question of high finance became one of high politics. The Pool had been in politics indirectly from the first, but it has now definitely become a major political issue. The demand has already been voiced that the 45% of western farmers who market their own wheat should be compelled to market through the Pool. Under present circumstances it would be remarkable if that demand is not strongly repeated, possibly with far-reaching results. A difficult situation has been created. There is a burden to be borne; the minority who had no part in creating it are now being compelled as citizens to bear a share. In the present temper of the majority members of the Pool, they may be expected to use their political power to compel the minority independent growers also to hand their wheat over to the Pool executive.

The Pool gospel was first preached in Canada by Aaron Sapiro of California. The Alberta Pool was organized in 1923 as the result of his missionary effort. Organization in the other two Provinces followed in the succeeding year. Due to the war, there had been a period of two-dollar wheat and oats, which lasted from the spring of 1917 until the end of 1920. In September, 1922, wheat was down to one dollar, and from October, 1923, to April, 1924, it was below one dollar. The commodity prices were still in large part at war level; business was out of joint, and the farmer sufferers looked for a remedy. There was wide opening for a campaign of class war. According to Sapiro, as the manufacturer controlled prices by holding his goods off the market, if the farmers combined they could increase the price of their wheat by holding it off the market. This theory took no account of the fact that the manufacturer could absolutely control the volume of production, while the farmer as absolutely could not. The crop of 540 million bushels in 1928, and half that amount on a larger acreage in 1929, is proof of that point. In Sapiro's argument he made it appear that control of distribution by the farmer would have the same result as control of production by the manufacturer. In the autumn of 1923-24, when the Pool was being organized, the promise was that by holding back wheat from the market, that is, by controlling distribution, the price would be increased. The Pool executive has consistently followed that policy so far as circumstances permit it, in handling the wheat of its members. In addition, from time to time, it has bought millions of bushels of non-pool wheat on the Winnipeg Grain Exchange, to support the market. You gentlemen know what that word means. (Laughter.) In view of the promises made, the results are startling. The following are the payments made by their central selling agency to the provincial Pool, storage, bank and operating charges deducted, on the basis of Fort William: In 1924-25, $1.66; on the basis of a Fort William market price of $1.69; 1925-26, Pool payment $1.45, average market price $1.52.2; 1926-27, Pool payment $1.42, average market price $1.46.2; 1928-29, Pool payment $1.42½, average market price $1.46.3; 1928-29, the final payment has not yet been made for the crop of 1929, and the amount paid by the Pool so far is $1.18½. That is, the farmer is carrying whatever difference there is or may be between $1.18½ that he has received and the price that that wheat is, or ought to be at the present time. In 1929-30, the initial payment made was one dollar. The present crisis in the Pool's affairs occurs because the world price has reached a point so low that the banks lack adequate security for their advances, although the Pool establishes and maintains a complete blockade in the movement of Canadian wheat to market. If a gentleman picks up any paper any day, he can see that that statement is correct. This is certainly one case in which control of distribution has not forced up the price.

In the six years of its existence the Pool has handled a billion bushels of wheat. It owns 613 elevators, having a capacity of 58 million bushels. It has contracts with 140,000 farmers that they must deliver to it the whole of five successive crops of wheat. These members have contracted themselves—that is, Pool members have contracted themselves—out of the right of audit of Pool finances, or of action at law in protection of their interests as against the executive. Membership of the Pool executive is a place of power to make ordinary men dizzy. In the U.F.A., that is, the Pool paper, published in Alberta, of January 15th, President McPhail is quoted as having said at Indian Head, "Because of its ramifications, the Pool knows when there is a demand for wheat, is familiar with world conditions, has an accurate knowledge of all the world factors which rule in the business of fixing wheat prices, how much wheat is available at any time, what the prospects are for some time to come, and we are in a better position to judge than any individual, and exercise some measure of judgment as to the selling policy we should pursue." This is the sort of talk that has been fed the Pool members for years, and which at last was accepted as gospel by the banks. (Laughter.) But within a month of that announcement the banks were demanding security for their advance of one dollar a bushel, and the credit of the Prairie Provinces had to be pledged in the hope of preventing a market catastrophe that the Pool as a business organization was powerless to avoid.

A comparison between Winnipeg and Chicago quotations on wheat rated as of like quality shows that, in December, 1928, the Winnipeg price was two cents over Chicago. In May, 1929, when prices had slumped, Winnipeg was 5½ cents over Chicago. In July, 1929, when prices were at the peak, Winnipeg was 22 cents higher than Chicago. Yesterday, March 12th, when the market had slumped again, wheat for May delivery closed five cents higher in Chicago than in Winnipeg. These figures indicate that, during the varied fluctuations of the 1929 season of navigation, the United States was clearing out her wheat at world prices, while Canada was holding hers. Now, however, the United States is giving effect to the policy that was expressed in the McNary-Haugen Bill of some years ago; government money is being drafted to purchase wheat and take it off the United States market. This naturally improves the United States price. But what is to happen to the wheat as purchased, in case of an average United States crop? It must be offered on the world market in competition with Canadian wheat. In such a case it can only be expected that it will be offered at lower than Canadian prices, as in the season of 1929. While government purchases of United States wheat in some measure improve or stabilize the price to the United States seller, the effect of the surplus so purchased must be to stabilize lower prices to the world buyers. This feature of the case is of intense interest to Canada. The United States is still a large exporter of wheat, but that country consumes more than four times as much as it exports, just as Canada exports more than four times as much as she consumes. The United States can afford to sacrifice its export surplus as a means of keeping up the home price, and has actually entered upon a policy of doing so. The wheat now being purchased by the United States Farm Board will meet Canada's next crop in the world's market.

Before the war, Russia and the United States were the great exporters of wheat. Bolshevism destroyed Russia as a wheat exporter and gave Canada her opportunity. Canada owes her expansion of wheat production to Lenin and Trotsky, as much as to any other cause. Russian wheat exports came from great estates, worked by the cheapest of labour. As a result of the revolution, the estates were divided up among the peasants and production for export practically ceased. The Russian Government has entered upon a new policy of collectivism; the peasant holdings are being confiscated and thrown into state farms, similar to the old private estates. The peasants will work as labourers and the State will provide the latest machinery, supervise the work of production, and market the crop. The purpose is to bring Russia back into the world's wheat market. Barring famine years, there is every prospect of its success.

We have reached a difficult situation in the marketing of our chief source of national wealth, and have done so chiefly through the attempt to prove that Aaron Sapiro's theories were true. It is a high price to pay for a national excursion into the realm of economic fiction. (Laughter.) That the present crisis will have the result of bringing our people back to a realization that the law of supply and demand is still operative, is our best hope for the future—that increase of price means decrease of consumption. In the present tragic circumstances, we must surely realize that we cannot build up our business by fighting our customers, that in the last call it is the buyer who must furnish the money that makes the market. The Pool Executive, the grain dealers, and the banks, have backed Canada's wheat crop of last year on a world shortage this year. They are looking forward hopefully to a bad harvest—(Laughter)—for they have created a situation that only a greatly reduced crop or a bad harvest can relieve. (Applause.)

The Chairman tendered to the speaker the thanks of the Club.

THE DEMOGRAPHIC POLICY OF THE ITALIAN GOVERNMENT

AN ADDRESS BY PROFESSOR CORRADO GINI,
PRESIDENT OF THE CENTRAL INSTITUTE OF STATISTICS OF THE KINGDOM OF ITALY.

MR. C. P. TISDALL was in the Chair and introduced the guest, who was received with applause and spoke as follows: I regard it as a great privilege to be permitted to address the members of the Empire Club, and tell them something about what we are attempting under Mussolini to do along certain lines for the people of Italy. When the Fascist Party assumed the reins of power, the statistics of Italy were in a chaotic condition. To remedy this state of affairs, Mussolini created an organization known as the Central Institute of Statistics of the Kingdom of Italy. The Central Institute has not only the responsibility for collecting and publishing the vital, agricultural, and economic statistics of the country, but also of correlating and collecting the statistics prepared by the other departments and the local bodies, which submit to the Institute their problems and follow its instructions. Another function of the Institute is to promote and encourage the study of statistics, in which connection it has taken the initiative in establishing special schools of statistics in the universities. In view of this function just mentioned, it has been thought wise that the Institute should not be placed within any specific ministry or subordinate to any functionary of the character of a Deputy Minister, but should, on the one hand, be directly responsible to the Premier, and, on the other, have a scientific head. As a matter of fact, the personal interest and cordial intervention of Mussolini have proved of paramount importance in realizing the construction of Italian statistics, which at present, after four years of intensive work, may be conceded as complete. His idea is that statistics are indispensable in order to get an adequate knowledge of the present conditions and of the future development of society. And as Mussolini thinks on the other hand that no man has a right to rule a nation who is not able to look at least fifty years ahead, you understand then why Mussolini conceives statistics to be a very important instrument in the development of a government. Without statistics, Mussolini argues, it is impossible nowadays to direct the affairs either of a nation or of a private organization. This especially is true from the population point of view. Knowledge of the Italian researches and the evolution of nations, and even more, perhaps, a powerful imagination, convinced Mussolini that the demographic factor is the most important in the life of the nation; not only because it is an element of first importance for its economic, cultural, and military power, but also because it provides the indication as to its organic vitality.

It would perhaps be well to indicate the general trend of the white population, and the fundamental results of the recent scientific researches in this field. Statistics of population movement show in all the white-race countries, save perhaps in some more or less poor states of South America, a decrease in birth rate more or less intense. At the same time a diminution of the death rate has taken place which has more or less balanced the decrease of birth rate, so that the natural increase of the population either has not yet diminished, or it has diminished only from a later period and in a smaller measure that in the case of the birth rate. In the states, however, in which the decrease of birth rate is more accentuated, there is by this time a clear diminution also in the natural increase; and among these states we should include Italy, which, after having reached the highest figure of its birth rate in 1876, with 39.3 per thousand, has gradually decreased to 25.1 per thousand. At the same time the natural increase of its population, which had its maximum of 14.2 per thousand in 1872, declined to 10 per thousand in 1928, and to 9 per thousand in 1929. Notwithstanding this, the demographic balance of all the white races closes with an excess of births over deaths. Only in France in the least favourable year it shows a deficit in the natural increase. By fixing their attention upon this fact there have not been lacking, even recently, those who have feared a possible danger of excess population. But a deep examination shows that the excess of births over deaths depends, at least partially, but exclusively for some states, on the circumstance that the classes between 20 and 40, to which exclusively is entrusted generation, and which show a relatively low rate of deaths, are to-day particularly plentiful, owing to the fact that the number of deaths, generally on the increase at the beginning of the century, has afterwards diminished. If one eliminates the effects of this transitory circumstance, it is clear that the conditions of the white-race countries, from a standpoint of demographic vitality, are far less favourable. Comparing, indeed, the number of males and females of 20 to 30 years of age, ascertained in the most recent censuses, with the male births which ought to have occurred within the last years, one is convinced that in many states the latter would not be in a condition to reproduce in twenty years the number of the population, keeing in account the rate of mortality which the population shows at present. Such is the case for England and Wales, Scotland, and most probably also Ireland, Finland, Esthonia, Latvia, Sweden, Norway, France, Belgium, Germany, Switzerland, Austria. The population of all the states of Western, Northern, and Central Europe should be conceded as virtually on the way to decrease, with the exception of two small states, that is, Holland and Denmark, the latter of which does not seem, on the other hand, very far from the conditions in which the other states find themselves. The Latin nations, Italy and Spain—the data for Portugal are wanting—and all the Slav nations which from the south and east surround the virtually decreasing populations, are decreasing. Outside of Europe, of the states for which statistics are at hand, Canada, Australia, New Zealand, Argentina, the South African Union, Japan, and British India, still show a more or less real rapid increase. The United States seems to be near to, if not already in, a virtually stationary condition. Therefore there arises a problem for other white-race countries, and especially for Italy. Are the conditions completely different from those of the states of Northern, Central and Western Europe, so that their demographic future may be regarded with absolute faith, or do they find themselves only in a preceding state of the same demographic evolution, where the germs of decadence are not yet manifest? It is clear what the future prospects are if, as everything makes us believe, the demographic trend of Northern, Western, and Central Europe is destined to manifest itself and become accentuated. The extent of the consequences must be evidently different, according as such populations are followed at a short distance on the same path by other nations of white races which surround them, or as the latter continue for still a long time in their ascending development. But in either case it is vital for the future of a nation like the Italian, which finds itself on the margin of the demographic depression shown, to avoid being attracted, and not to wait for events in conditions of the uttermost demographic potentiality. Here is the scientific basis of the propulsive policy of populations adopted in Italy by Mussolini.

Let us now examine more particularly the steps taken by the Government and by local administrations to implement this policy. In the year 1928, the government took measures so that a large contributory exemption should be granted to numerous families, including the exemption of 300,000 lire in total income and the complementary progressive tax with the additional tax on income. The proportionate reduction of the higher incomes and the total exemptions from tax on licences and house and lands, and communal tax, and the special tax on goods from syndical contributions, and taxes of every order and grade of schools and scholastic teachers—these partial or total exemptions of the payment of tax are enjoyed by officials and employees of the state, even if they are on the pension list, and by those, of course, of public bodies when they must provide for seven or more children of

Italian nationality; they are also enjoyed by those who, even if they do not belong to the staff of the state and the aforementioned bodies, if able to provide for more children of Italian nationality, or if they have had twelve or more children born alive and capable of living, must be provided for. On the other hand, provisions of negative character, or at least not favourable, are taken for bachelors. We shall speak about the tax on bachelors later on. Here we wish to mention how by the law of the year 1929, containing provisions in favour of increase, the conditions of a bachelor or spinster, or the preservation of the condition, will not constitute a reason for preference of employees of the state, provinces or communes or public institutions, but on the contrary for an equal merit the employees who are married with offspring must always be preferred. Such conditions are extended also for contract and private employment. Mussolini has also established that all the provisions which exclude married women from employment, or which grant a preference to spinsters, or to single children, or analogous rules, no matter if the persons are in the employ of the state or other public bodies, or whatever corporation or association in the state control, are no longer compatible with the demographic principles of the Government. Similarly, the allotment of public or economic houses, or such as are built with the assistance of the state, or of the provinces, or of the communes, and all charitable institutions, must always be made in favour of married employees with children capable of serving, in preference to those without children, and the latter to the unmarried. These measures are intended to help those who have a family to provide for. Other provisions of the state aim at protecting and assisting maternity and infancy. By the law of December, 1925, the government has aimed at the protection of women during maternity, and of infants from the time of suckling to childhood and the scholastic period. It is a complex action of protection, still not fully developed, entrusted by the state to an institution known as Opera Nacional Maternite, which brings Italy into the vanguard of the most advanced nations. The Opera Nacional in the development of its mission must aim at the following tasks: To protect and assist women during their pregnancy, and needy or abandoned mothers; suckling children up to five years of age belonging to needy families; children physically or psychically abnormal, and morally gone astray or delinquent, up to the age of eighteen years. The Opera Nacional has been entrusted also with the task of the diffusion of the rules and scientific nature of pre-natal infant hygiene, and, by means of institutions of nursing, with the supervision of women during the gestation period; to found theoretical and practical schools for the care of infants before and after birth, and popular classes of maternity and infant nursing; to organize in co-operation with the provincial and local authorities, to direct the anti-tubercular work and to struggle against infantile diseases, paying attention that the orders for the protection of maternity and infancy are strictly applied. By the same law the hospitals, maternity asylums, and other institutions of the same kind are obliged to provide, within the means placed at their disposal, for the assistance of young mothers who have reached the eighth month of their pregnancy, or during the confinement and lying in for weeks after each birth, even if the women according to the regulations of those institutions are not entitled to help. And to the women employed in the establishments of the state, or belonging to other public bodies, are made applicable the rules issued from 1907 for the industries, regarding the periods of rest for women lying in and women nursing. The law in question has extended to childhood the vigilance and protection of the Opera Nacional when the family is unable to care for them, taking away the children from more dangerous surroundings and placing them in institutions. The employment of children under fifteen years of age is forbidden. It is forbidden to give wine and alcoholic drinks to children in schools, institutes and asylums, and also to serve in public places drinks to children; also to administer to them cigars, cigarettes, or any kind of tobacco. The Opera Nacional is entrusted also with the care of children born of illegitimate union, when the mother is unwilling to bring up her own child. But the law is in the interest of the offspring and comes to the aid of the fallen woman. The law regards abortion as a crime, by punishing not only the culprit and all who have contributed to the criminal act, but also by providing through police regulations for the deportation of those midwives and physicians who have habitually been giving their assistance to such operations.

Provisions like these in the laws for protection of maternity and infancy, if they are to be applied, need vast means, and to assure them the state, from January 1st, 1927, instituted a personal property tax on bachelors from 25 to 65 years inclusive, to be paid during the time of bachelorhood and to be applied on a progressive basis according to the total income possessed by each bachelor. (Applause.) Other provisions have been taken by the Government to prevent demographic wealth being decreased by emigration, either permanent or temporary; because it is well known how temporary emigration due to local circumstances is easily changed to permanent emigration. Within the last few years some states have begun to limit our immigration numbers for economic reasons, so as to avoid labour competition, but other states have tried to favour it in every way to compensate their demographic losses caused by the scarcity of birth. The Italian Government, without totally prohibiting emigration, provided to strongly reduce the same, and also to favour the return of emigrants. Those labourers remaining at home were absorbed by agriculture, which became more and more intensive, so that there was need of more help. No one must forget the colonies transferred to Sardinia for the purpose of making those grounds productive; and as the child of an Italian subject born in France is conceded to be French, there is a provision that a couple approaching childbirth may return to their town in Italy to be delivered, receiving their travelling expenses and assistance at childbirth by means of a subsidy. We have mentioned the damages caused by the flow of labour to towns depressing labour and rendering more acute the problem of hours. Nor must we forget the damage caused by forsaking a free life and replacing it by the life of a city. Mussolini has personally called attention to the progressive decline of the birth-rate, with its indirect relation to the rapid increase of cities, which grow up, drawing to them agricultural people, who, as soon as they have taken up residence therein decrease their birth-rate. At the same time, by depopulation of the country they are assisting the decay of agriculture and producing a deficiency of the fundamentals of subsistence and the impoverishment of the nation. By the law of December, 1928, there has been conferred the power of making obligatory ordinances for the purpose of limiting excess increase of people residing in cities. All those who arrive at the city without means of living and work, and those also who, having received a promise of work, remain by whatsoever reason without any possibility of securing employment in a short time, must be sent back to their homes, and they are not to return to the city once they are expelled. The application of this law is not to create a scarcity of labour, but it must be carried out in a perfect spirit of social equity to correspond to the superior ideas of moral order they have inspired and dictated. Together with this action of the state has been developed that of local bodies according to instructions issued by Mussolini, and which contemplate a whole organic series of provisions. Some of the latter have already been mentioned when speaking of the law and financial exemption extended also to government taxes.

We now wish to mention the first bonus granted by the communes for each child after the sixth or eighth, and paid until it is fifteen years, or to be paid to the family which is conceded as most worthy for demographic purposes, for the greatest number of children within a certain period of married life. When a commune has granted five early bonuses of 100,000 lire, also to be paid to those families that within a period of six years have had the greatest number of children, it is put in the bank for deposit for the children, while the parents may have the interest until they reach their age. They have granted to parents of large families a reduction in fare on the tramways, or reduced the price of gas, or have granted medical assistance and the free distribution of medicine, or the expenses for childbirth, or have paid for the children to go to school, for books or clothing, or have facilitated the admission of children in assisted callings, and so on. Certain mountain communes have tried to check migration to the cities by favouring the construction of modern houses in place of the old timber houses, by granting lands and building material. Other communes have tried to better the conditions of local living through the introduction of electric light, the construction of aqueducts, the improvement of roads, and by starting regular motor service to the nearest cities so as to lessen the state of isolation. A very useful propaganda has been carried out by newspapers, by publishing the data of demographic movements, by reproducing the portraits of large families, and granting prizes to those communes which can show the highest birth-rate. Mussolini himself has taken a most vigorous part in such propaganda by contributing articles to the newspapers and reviews, by appealing to the people every time there is an opportunity, and by granting personal bonuses to large families and to mothers having more than one child at a time. He recognizes that the religious fervour of the Italian is also of great use in the struggle against the decrease of birth. It strengthens family ties, makes the parents feel that children are the gift of God, attracts the individual to the tranquil domestic joys in numerous offspring, and points out the best guarantee for one's old age.

The campaign against the decrease of birth started relatively a short time ago, too short, perhaps, to gauge quantitatively its results. It will never be easy to appreciate it and get a clear idea about it, as it would be necessary to compare the increase of birth-rate with the natural increase of the Italian population which would have happened if the propulsive policy of Mussolini had not been carried out. While it is necessary to be watchful and not delude oneself by thinking that the effects of such a policy can be reflected in a short time in a radical change in the Italian birth-rate, it may be stated with conviction that the demographic policy of Signor Mussolini is offsetting the neo-Malthusian doctrine which is undermining the future of other nations. If it means an adequate reaction in the national consciousness, it will prove of great advantage to our country in international competition. "My conviction," wrote Signor Mussolini, "is that even if the laws had shown themselves useless, we must try as one tries all medicines when the case is desperate. But I think that the laws of population, negative and positive, may annul or retard the decrease if the social organization to which they are applied is still kept up. If man does not feel a joy and pride in being continued as an individual, as a family, and as a people, if a man does not feel, on the other hand, the sadness and the shame of dying as an individual, as a family and as a people, the laws fail. Law must be employed as a stimulus to gospel." (Applause.)

The thanks of the club were tendered to the speaker by Sir Robert Falconer.

SPECIAL LUNCHEON MEETING

IN HONOUR OF

HIS EXCELLENCY, VISCOUNT WILLINGDON,

GOVERNOR-GENERAL.

28th March, 1930

H. G. STAPELLS (in the Chair): We have seen many changes in this country since in 1903 a small group of loyal citizens banded themselves together into the Empire Club of Canada, and among its first important acts conferred upon the Right Honourable Joseph Chamberlain its first life membership. Many and great as those changes have been, for the Empire Club there has been no changing or wavering from that straight and narrow road of loyalty to Canada and the Empire, which became its motto. (Applause.) We have seen since that time several imperial influences become stronger and stronger. We have seen the personal influence of the King surrounding the throne with an ever-widening prestige, commanding the loyalty of every worthy citizen. (Applause.) We have seen patriotic enthusiasm sweeping this country upon the successive visits of that Prince of men and of Wales—(Applause)—and we have learned the value of the connecting link of the Governor-General when that office has been graced by such a man, such a personality, as His Excellency Viscount Willingdon. (Applause.) His Excellency has an irresistible appeal to the whole Dominion because in him are combined all that is best in aristocracy with all that is worthy in democracy. (Hear, hear, and applause.) His services, not only in Canada, but throughout the Empire, have placed him among that sterling body of leaders and statesmen in whose hands the course of Empire has always been safely left. May he long be spared to accomplish even greater achievements in imperial affairs. (Hear, hear, and applause.) The love of Empire is, therefore, a definite bond between His Excellency and this club, and it is because of that bond that we have asked him to become an honorary life member of this club. Accordingly, before he addresses you upon Impressions of The British Empire, I am privileged to call upon Sir William Mulock to confer some further mark of your esteem upon His Excellency. (Applause.)

Sir William Mulock was received with applause and cheers, and said: First let me thank you for the welcome you have given to me; it overwhelms me. Coming to my duty here, the pleasant task has been assigned to me of conferring upon His Excellency the status of life membership in this club. He is to-day our distinguished and most welcome guest. (Applause.) A few years ago he came to Canada personally a stranger to us. We thought not the less of him because he did not have the good fortune to be a Canadian by birth. (Laughter.) If any objection on that score existed, he has entirely overcome it. To-day we realize how effectively he has identified himself with the people of Canada, with their sentiments and their aims, and he now is a Canadian by adoption. (Applause.) British born, Canadian by adoption—a powerful combination for the successful working out of Canada's national ambition to ever remain a kingdom within an Empire resting upon the enduring foundation of constitutional government. (Hear, hear, and applause.) During the few years he has been with us we have observed with the utmost satisfaction His Excellency's zealous efforts to acquaint himself with the Canadian people, Canadian ambitions, Canadian potentialities, Canadian institutions, Canadian internal and external relations, and we have come to realize that the guiding aim of his labours throughout these years has been that of encouraging the joint co-operation of Canada with the remaining portions of the British Empire, and to promote its continuance as a united organization under the inspiration of the red crossed flag of Old England. (Applause.) And so it is to-day that I have the honour and the unspeakable pleasure of presenting to His Excellency this certificate of his membership, and I trust it will ever remind him of the place which he enjoys in the hearts and in the minds of all the people of Canada, who, like the members of this club, consider that the British Empire is the most effective instrument for the promotion of human welfare that this world has ever known. (Applause.) Your Excellency, would you be good enough to accept from the Empire Club this certificate of your life membership?

His Excellency accepted the certificate amid applause and cheers, then said: Mr. Chairman, Your Honour, Sir William Mulock, Gentlemen, I want, if I may, at once in my few preliminary remarks to take you into my complete confidence and to ask for your indulgence this afternoon, the reason being that I have been for the last four or five days suffering from an ailment, which, if I may judge from the number of cures that a number of my friends have suggested to me, must be a very fashionable ailment in Canada at this particular time, (Laughter) but which, although I shall not tell you what it is, makes it rather difficult for one to stand for very long on one's legs; and therefore I trust that you will spare me and give me that indulgence which I am sure you will, if my remarks are not of any considerable length this afternoon.

May I thank you very sincerely and gratefully for the charming reference you made to such humble services as I may have given the Empire in past years in your introductory remarks to this great audience, and, Sir, may I say that I am glad I did not forego the pleasure of meeting this great gathering of members of the Empire Club; and particularly may I say that I am delighted that I did not forego the pleasure of receiving this high honour which you have given me this afternoon at the hands of my old friend Sir William Mulock. (Applause.)

I am particularly glad to get it from Sir William Mulock, because he has, as we all know, done long, splendid, distinguished service for his King, his country, and the British Empire. (Hear, hear, and applause.) Long may he be spared to continue the great service that he has always performed. (Applause.)

But now, Gentlemen, as Governor-General, my first thought is always when I meet a great gathering of this sort, what I am to talk to you all about. I have said that I am going to talk to you about my impressions of the British Empire, but as a very human being there are many other matters that I should dearly wish to discuss with you this afternoon if I could; because I think that there are matters of enormous interest, not only in this country, not only to the Empire as a whole, but also in international affairs. I might wish to say something about that great Naval Conference which is being held in London at the present time, and I am sure you will all agree with me when I say that I hoped profoundly, and still hope profoundly that some successful results may come from that Conference. (Applause.) And I might wish to give you my impressions as to the manner in which the leader of the Conservative Party in England stemmed the outpourings, or the overflowings, of the Beaver-brook and the Rother-mere. (Laughter.) I might wish to talk to you about China, as to which I know something. I might like to talk to you about India, about which I know something more. I might talk to you about a good many things that are happening in Canada at the present time, and if I were a private individual, and not Governor-General, I might give you a straight tip as to when the General Election is going to be. (Laughter.) But, Gentlemen, Governors-General have their limitations, and after having considered all these matters it would be wiser for this Governor-General to deal with a thing of which he has some knowledge, his impressions of the British Empire after an experience in outside parts of the Empire of some twenty years.

Now the first thing I should like to say to you is this: it has always struck me how enormous have been the developments within the British Empire in recent years. Not long ago the great British Empire was a series of countries all under British colonial authority. Now a great many of these great countries have arrived at what is called dominion status. They exercise entire independence in their administration, as far as their internal affairs are concerned. They are equal partners in working out the destiny of the British Empire. I do not know if there are any here who doubt whether that partnership is a sound and satisfactory one, whether it may lead, as some, I fear, think, towards a breaking away of any part of the Dominions from the Motherland. All I would say to you, from my own knowledge and experience of a good many countries within the Empire, is this: that I believe from my heart that trust begets trust, and confidence begets confidence, that this partnership as years go on, loose as it is, is established mainly on the sentimental feelings that we all hold of extreme and perfect loyalty to our Sovereign King George. I believe that that partnership will grow closer and the co-operation will grow firmer as years go by between all the partners in the Commonwealth of Nations which form the British Empire. (Hear, hear.)

Now let me take you to some of these countries and say a few words on each of them. Canada I need say little about; we all know it pretty well, and I am glad Sir William told you that I am a Canadian, as I think I am, at least by adoption at the present time. (Hear, hear, and applause.) We all know that the loyalty of Canada is sound and sure. We all know that her resources, her natural resources, are almost illimitable; we all know that her development has been of the most astonishing character, that she has achieved the position of being the fifth trading nation of the world, with a population of barely ten million people. We all know that her people are strong, virile, energetic, and I am certain that Canada in future years is going to have an enormous influence in shaping the destinies and the future of the British Empire.

Let me take you for a moment to Australia, where I lived many years ago for three happy years. That great country of pastoral and agricultural wealth, and a good deal of mineral wealth, too, those great cities of Melbourne and Sydney with their great harbours and all the industrial development that has occurred since the British first went there! There you have a population of British citizens absolutely loyal to the British crown.

Let me take you off to New Zealand, a country of the most wonderful scenery, the North Island with its strange volcanic formations, the South Island with its mountains and its glaciers and its lakes; a country which has magnificently fertile agricultural land; and I think if you read your debates in the House of Commons at Ottawa during recent days, you will discover that it is quite true, what I say about its agricultural fertility, for it seems to export to Canada a considerable amount of butter. (Laughter.) And, Gentlemen, it is peopled by generations of British who have long been the most loyal citizens, as loyal as any other branch of citizens in the British Empire, and also by those indigenous people, the Maori tribes, who by British development are becoming useful loyal citizens of the country too.

Let me take you over to South Africa, where not very long ago British and Dutch were struggling and striving for the supremacy in the country. What do we see there now? A great country, full of mineral, agricultural and pastoral wealth, a country which is administered by Dutch and British combined, a country which has enormous difficulties, owing to the fact that it has a large coloured population, but a country in which during the war they showed the greatest loyalty, for both Dutch and British fought on the British side.

Now for a moment let me take you into India. I am always a little anxious in talking about India, for, having lived there eleven years, I happen to know something about it, but if ever I say anything about it, let me tell you, I generally get into trouble. (Laughter.) But I want to-day to say a few words on the present situation in India. I am not going to discuss in any way the political situation out there, but I do want to say these words, for the reason that I have seen and heard so much ill-informed and unnecessary sentimental matter about Mr. Gandhi and his new adventure in this continent, that I think it is well that someone who is personally acquainted with Mr. Gandhi and has been, while he was in India for a good many years, should tell you what he feels about this particular situation. Let me say in the first place to all my fellow-members of the Empire Club that I do not think we need have any anxiety with regard to this adventure of Mr. Gandhi. If I may say so, it is merely a matter of history repeating itself, for Mr. Gandhi tried very much the same sort of adventure when I was Governor of Madras, only a few years ago. Further than that, I would say that I believe and trust in the sincerity of the determination of the British Government to hand over the entire control of the administration of India into the hands of Indians when they are fitted and ready to receive that control. (Applause.) And I would further add this, that I believe the princes of India—and, after all, remember that the princes of India are rulers of one fifth of the whole of the country—the princes of India, the moderate people, the thoughtful people of India (and there are a large number, I am glad to say), the business men of India, and at the other end of the social scale, the depressed classes of India who number between sixty and seventy million souls, thoroughly disapprove of Mr. Gandhi's new adventure, which, as far as I can see, has for its purpose the effort to try and make his fellow-citizens break the law of their country; that they are in large measure entirely out of favour with this effort of Mr. Gandhi's to create all this disturbance, and that they are and will be in the future, as they have been in the past, loyal to the British Raj. (Applause.)

Now may I take you for a few minutes to a part of the British Empire which I visited only a few weeks ago, which I had never visited before, and which was to me one of the most interesting trips that I have ever undertaken. I refer of course to the West Indies. We went first to Bermuda—you must not call Bermuda in the West Indies, we must all remember that—and then from

Bermuda we went to Antigua and the Leeward Islands, and through the Leeward Islands to the Windward Islands, to Barbadoes and Trinidad, and across to Jamaica. I found there wonderful historical records of the old days of the 18th century and the 19th century, remains of old forts, remains of old barracks, monuments in old churches which give the most historical record of the doings of great men, great pioneers—Nelson, Drake, and many others—in those seas in those early days. I found another thing; I found that the West Indian Islanders had rather an idea in their minds—I think this was rather general—that they were the Cinderella of the whole British Empire, indeed that they had been rather neglected in the past; and I am bound to say that I think there was a good deal of truth in what they said. I found too—and this, I am sure, will be of immense satisfaction to you all—a feeling of enormous gratification, a feeling of enormous gratitude, to the Canadian Government for passing that treaty a few years ago, and for giving them an excellent fortnightly service of ships, which has brought them back into the world again, and has given them hope for the future. (Applause.) I could keep you for a long time, talking about the West Indies, because I got many ideas on the matter, but the West Indies, to my mind, is likely to be an extremely profitable and helpful part of the British Empire. They have lived too individual lives in the past. They want to have co-operation in the future. I hope very much that something may occur in the near future which will bring this co-operation with Canada closer than ever before. I think it would be a fine thing if Canada could take over the responsibility of assisting the West Indies from the many heavy responsibilities that now fall upon the British Government. (Applause.) I may tell you this—that the West Indies at the present time certainly look to Canada and not to my old homeland for encouragement and support—encouragement, support and co-operation, which, I am sure, in future years will be given by Canada. (Hear, hear, and applause.) I should like to add one word with regard to the West Indies, and that is this—an incident which occurred to me on my way back from the Bahamas to Bermuda, which made me delighted that I was a citizen of the British Empire. We had a very heavy sea, coming from the Bahamas to Bermuda, and when we arrived at Bermuda we could not get inside the bar and we had to remain outside the harbour for thirty-six hours. As a matter of fact, the *Lady Rodney,* which was coming out of the harbour, came out with great difficulty with the pilot on board, and the question was how we were going to get the pilot from the *Lady Rodney* to our ship, the *Lady Simmons,* with that very, very heavy sea running. Finally our captain decided to launch the lifeboat and ask for volunteers. Ten men got into that boat, and it was one of the finest exhibitions of sheer courage that I ever saw, to see them take that boat half a mile over the most tremendous seas to the *Lady Rodney,* pick up the pilot, and bring the pilot back to our ship. I asked the Captain, after it was all over—and I was very delighted when it was over—(Laughter)—if I could have a talk to the men. I had that talk, and I found that they were Canadians, Newfoundlanders, Englishmen and Irishmen—(Applause)—the finest mixture of the British Empire you could possibly get. (Laughter.)

Well, Gentlemen, I could keep you here a long time telling you of many other parts of the British Empire which I have visited and which are developing towards the creation of this great Commonwealth of Nations. But I have, I think, told you sufficient, to show that we citizens of the British Empire own vast territories in all parts of the world, vast territories which are peopled by people of all races, all creeds, all denominations, who have complete religious freedom, and claim citizenship within our Empire. It is, as has often been said, the greatest Empire the world has ever known. It is the greatest development, the most astonishing development of modern history. I think we should never forget that the four years of the Great War gave the British Empire a great deal more responsibility in the way of Empire administration than it has ever had before.

I have only one word to add in conclusion, and it is this: What is to be the future of the British Empire? We all of us dream dreams; I suppose some of us see visions; but I have got a perfectly clear vision of what I believe the future of the British Empire will be. I can see in all parts of the world great countries grown up to their full strength, co-operating together closely, all loyal to our crown and King, co-operating in all matters of business and public life, administering their countries on the highest principles of justice, freedom and fair play, living in friendship with their neighbours, exercising an enormous influence to procure peace throughout the civilized world. That, to my mind, will be the inevitable future of the British Empire; that is what I in my humble way have worked for during my public life. May I say this to the members of the Empire Club to-day: that I believe Canada is going to have an enormous influence in this great future. I have often said, and I always feel, that it shows the greatest example of the strength of the League of Nations of any other country in the world. Here you have lived, side by side with a great and powerful nation to your south, with your frontiers undefended, with any difference or disagreement settled on friendly lines, never any troubles between you two. You have, it is true, practically a League of Nations within your own country, for not only have you got those two great communities, the French and the British, the descendants of those people who fought for the control of Canada, living here side by side in perfect equality and friendship; but you have other communities scattered about this country in all its parts, who claim equal citizenship with you all. May I then say to you, Gentlemen, and urge you to work on, to teach and bring up the youth of our country to those principles of peace and friendship and goodwill which will bring about, I believe, in the future, peace among the nations of the world? And if and when that is secured, surely we may be grateful for this—that we may look to the future to a time when we shall get rid of war for all future generations, and we shall be able to feel that all the sorrows, all the sacrifices, all the tragedy that we endured during the Great War, will not have been altogether in vain. (Long applause.)

CHAIRMAN: This club is non-political, and therefore, like his Excellency, we are restricted in what we may utter, but if I were not so restricted I would like to say that the events of the last week have proven that we have in this province the most fearless Prime Minister this province has ever known. (Laughter and applause.) Mr. Ferguson.

HON. G. HOWARD FERGUSON expressed the thanks of the Club to His Excellency as follows: The fact that you have reminded me that this is a non-political club makes me wonder why I am here (Laughter), because there is another sphere of activity in which I am somewhat interested at the present time that is not of that type. I appreciate very greatly the privilege and the honour your suggestion gives me that I should say a word of appreciation of what we have just heard from His Excellency, the Governor-General. It is eminently fitting that this club should offer to His Excellency an honorary membership in the Empire organization of Canada, and you should feel deeply grateful and highly honoured that His Excellency has been gracious enough to accept membership in your organization. (Applause.) By so doing you have succeeded in identifying with your organization in person one of the practical links of Empire. His Excellency the Governor-General is the direct representative of His Majesty the King. Not only is he the representative of His Majesty the King, but he is one of the great outstanding missionaries of Empire. (Applause.) We all agree, I am quite sure, with what we have heard from his lips to-day; his impressions of the British Empire, necessarily brief, and almost kaleidoscopic in aspect, have left a great and deep impression upon us. Since we have been fortunate enough to have His Excellency and his charming wife in this country, I think we have all recognized the fact that they have laboured incessantly to keep alive the spirit of Empire and the ideals for which the

Empire stands, to constantly educate our people to the value of British citizenship and its privileges, not only for what it may mean to us in Canada, or to the Empire itself, but what it may mean as a contribution towards the establishment of the very highest purposes in the civilization of the world. No matter what politicians—or statesmen, if you choose to dignify them with that term—(Applause)—may do, this Empire will endure. It depends not upon political expediency or political organization; it has a much more enduring bond than that. It is all built upon a wealth of tradition that has come down to us through the centuries, common ideals and aspirations, our recognition of the value and the privileges that go with British citizenship; these things of themselves are a sufficient guarantee of the permanence of this great Empire. There are other factors that are important, of course, and I am led to mention this fact because of some jocular reference His Excellency made to the circumstances in England at the time. He is an adopted Canadian, and I think we will all agree that he would make a first-rate Canadian if he were entirely and naturally one. But we have another Canadian at the present time who has recently played, in my opinion, a very important part in perpetuating and strengthening our great Empire. In the past fifteen years there has been more rapid and radical change in the world's affairs, and perhaps particularly in the affairs of the Empire, than there ever has been in her history before in the same length of time. There has been a complete upsetting of all former economic laws and arrangements, of all former social and political standards. There must be a re-organization of our attitude and of our movements if we are to take full advantage of this changed situation and profit by it. In other words, Mr. President, in my view, and I speak as a very humble Canadian 3,500 miles away from the centre of activity, there must be some alteration in the whole economic structure of this Empire; if this family desires to maintain the close companionship and co-operation, and maintain its influence and its position in the world's affairs, this family must be close together all the time. And a Canadian, Lord Beaverbrook, has played a very important part in the Empire's affairs within the past twelve or fifteen months. Not that I agree with Lord Beaverbrook in all he says or does, but, whether we agree or not, he has done this, he has focused the attention of every part of the Empire upon this great problem; he has got the interest of the public, and this great problem of consolidation of imperial interests, economic and commercial, is being considered and dealt with in England as it never has before in its history. (Applause.) Whatever may come of it, it is rather a proud thing for us, I think, to feel that a former Canadian, and a man who is a Canadian still, has played an important part, has taken all the risk that comes with launching of new ideas or espousing the leadership of a movement which is somewhat radical in its effects among the people of the Old Country. I am hopeful, I am confident, as time goes on, and the problem is studied, and we overcome the feeling and attitude developed as the result of isolation in different parts of the Empire, when our business men sit down to discuss these problems, we will be able to adjust our whole business life so that we will help one another and help the Empire to a degree we never have before. (Applause.) Again I say I am proud of the fact that the first practical movement comes from Canada; the Canadian Chambers of Commerce not only have taken a stand, but have established a committee of business men from coast to coast representing every type of our interests, to go to London and see if other men representing other portions of the Empire, and the centre of the Empire, are not prepared to sit down and discuss this problem calmly and deliberately and in the best interests of all, not with any spirit of dictation but with the idea of co-operation, with the idea of maintaining the blood relationship, the family tie, upon which the future of our Empire depends.

May I, on behalf of you, Gentlemen, members of the Empire Club, express our great thanks and gratitude to His Excellency, who has been good enough to come here to-day, as he has said, labouring under an indisposition, to give us such an attractive, interesting picture of his impressions of the Empire. (Applause.)

THE ROMANCE OF INTRA-EMPIRE TRADE

An Address by HON. FRANK CARREL, LL.D.

3rd April, 1930.

Mr. Carrel was introduced by the Vice-President, and was received with applause. He spoke as follows: I hardly think that there is a Quebecker who has ever visited Toronto or Ontario, that has not had the feelings that I have at this moment in thanking you most heartily for the kind words which you have expressed in favour of our province. There is no doubt in my mind that if we could get together more frequently we would certainly have less trouble and misunderstanding. (Hear, hear.) This has been well demonstrated in the past, and so I think, as a representative of one of the two older provinces that we are talking about, if we can meet on common ground in any national question, we can be assured of the full support of the whole of the Dominion of Canada. Coming from the ancient and historic city of Quebec, I very much appreciate your inviting me to speak to you on an imperial subject of such importance in the life of our Empire.

I will endeavour to give you a glimpse into the background of Intra-Empire Trade which is now an absorbing topic in our minds. What is Intra-Empire Trade? How does it concern us, and whereby do Canada and the Empire stand to benefit, will be some of the questions which I shall endeavour to answer.

Intra-Empire Trade does not mean, as some people imagine, that the Dominion of Canada, for example, must sacrifice her economic rights in favour of the Mother Country, any more than it means that the Mother Country must buy Canadian wheat in order to do Canada an economic favour at a loss to the British consumer. It does not mean the creation of a tariff-walled Empire, subsisting upon and within itself. That may be a possibility but it is not a possibility within the bounds of practical politics.

In order to realize that, one has only to remember that each individual unit of the Empire, including the Mother Country, enjoys complete economic autonomy; that is, the right to trade wheresoever it is deemed most advantageous to do so. In Canada, as elsewhere, the tariff exemplifies that right, whether in your opinion the tariff is applied wisely or not. That complete autonomy is the recently acquired and closely guarded jewel of dominion status; and any attempted interference therewith would be doomed to the failure it deserved. The British Empire is a ring of individual nations revolving freely upon the principle of patriotic unity. Nothing must be allowed to interfere with that noble conception. In any event business is one thing and sentiment another, and business conducted upon a sentimental basis is first cousin to charity. Yet strange as it may seem, the great bond of imperial sentiment has its origin in business, or rather, let us say, in the trading instinct of the British people. It used to be said, and with obvious truth, that "Trade follows the flag." One of the primary purposes of the Intra-Empire Trade movement is to demonstrate that by still following the flag the trading possibilities of Canada, and the other units of the Empire, can be developed, not only more fully and more efficiently than they are, but also more safely and sanely than by any other means.

The Intra-Empire Trade movement means in the second place that Canada and Great Britain have markets for each other's goods, in a great variety of interests, which, through lack of proper economic and industrial study, are directed elsewhere or retarded by irritating barriers. And in the third place, it means that the easiest and most accessible market is not necessarily the best market or the most durable market in the end. Reference to the actual and projected tariff upheavals in the United States should give ample point to that contention.

Intra-Empire Trade, as understood by us to-day, is a movement for increased trade within the Empire. It has made more progress within the past twelve months than at any period in its history.

How does this concern us? As Canadians we have a right to assume a place in its conception and consummation in common with other nations of the Commonwealth. It is the duty of every Britisher to give it his full consideration and support. Furthermore, if we Canadians can be of any assistance to the Motherland or to any of the units of the Empire, we should not hesitate to display a willingness to lend our services.

In the matter of defence against outside trade invasions, there is sufficient kinship between us to create a desire to unite for protection within our boundaries. This fact was too well demonstrated in the late war to arouse any doubt in the present world industrial struggle.

These were my reflections in April last when I left Canada for the British Isles on a mission of only a few days, which was, however, prolonged to ten weeks. My departure was at a time when our friends to the south were preparing to increase their tariff and curtail fifty to seventy-five millions of dollars of our goods from going into their country, notwithstanding the fact that we were buying two dollars' worth of goods for every dollar we were selling. With every other Canadian I was considerably disturbed by this action. It recalled what happened in Quebec when our neighbours increased the duty on fish, some years ago. It led us to seek a more lucrative market for our salmon, and now our American friends, much to their dismay, have to pay a higher price for this delicious commodity. (Applause.) I may say, Gentlemen, that we are unable to supply the demand in Great Britain that has been created by the arrival of our salmon, and the Cold Storage Department in Quebec inform me that if they had had a million pounds last year they could have sold it, and the reason for not having a million pounds was due to the fact that we have not sufficient cold storage plants on the north coast, and also on the Gaspe coast; so that one of my recent efforts in the past two or three weeks has been the organization of a company to see if we could not build these plants. (Applause.)

This experience inspired an idea with regard to increased trade within the Empire. It was the opinion that we could largely and easily increase our trade in the British Isles by closer study, economic education, and the removal of the irritating barriers now retarding this trade.

It is rather an interesting incident in connection with my address that, when I got on the ship and formulated an idea in connection with this subject, I practised it on one of your ex-Premiers, the Hon. Mr. Drury, whom I have very much pleasure in seeing sitting at this table to-day. (Applause.) I want to say to you what I have already said to other bodies—that I obtained a great deal of information as I fired my heavy guns at him and he would reply. We walked miles and miles around the deck of the ship. He removed the rough edges of my temperament, in arriving on the shores of Great Britain, so I can thank him for that help.

Commercial education seemed to me to be the only logical and sane route by which to realize increased Imperial trade. If we could consolidate our best commercial brains in one central spot within the Empire, we could at least immediately start to improve our trade relationship. We do not commercially understand one another; we are not industrially united; we lack co-operation and a proper economic understanding, and all this aids the foreign trade invader. If we are going to resist foreign importations we must get together.

Such a body as I have referred to, having the support of all political parties and all governments, could function after the manner of the League of Nations. It would make valuable suggestions to the Empire Governments. It would eradicate the many irritating obstacles to European trade expansion. It would co-ordinate the efforts of many small associations to meet foreign competitors. If we could assemble a hundred business men from all parts of the Empire to sit in conference independently, non-politically and voluntarily, to consider and weigh all suggested plans in order to find a true, sane and acceptable policy for increasing trade among us; if we could do all this outside of political, capitalistic and labour influences; if we could get this organization together we could re-organize our under-privileged factories, suffering from war impairment or foreign competition, and give them a chance to exist.

This was to be one of our first constructive efforts. It could be put into operation in a very short time, and would give employment to many thousands of workmen now taking insurance doles and losing contact with their past occupation. This financial aid was organized and rendered to under-privileged nations and peoples by the assistance of the League of Nations. Why not by a British Commercial League or Board for increased trade within the Empire? (Applause.) My statement does not mean that the League of Nations supplied the money or the funds, but it was through their influence after investigation that they were able to raise a fund at one time of fifty million dollars to help the people in Greece. And from that movement other large sums have been raised to help other nations, and to the credit of these nations, these borrowers, I may say that the last information I have from the League of Nations is that a large portion of this money has been repaid with interest. (Applause.)

All these and many other ideas were included in my plan. Lord Melchett, Lord Beaverbrook, Sir Harry McGowan, Sir Campbell Stewart, Sir Robert Hadfield, Hon. Mr. Amery, Mr. Evelyn Wrench, Proprietor of *The Spectator*, the Editor of the *Times*, Mr. Locock, Director of the Federation of British Industries, and representatives of almost all the other Dominions were interviewed. I may say that in interviewing the representatives of other Dominions they one and all said to me, "This is all up to Canada; we welcome such a movement as you have expressed, and we will be glad to follow wherever Canada leads."

The subject of Intra-Empire Trade was absolutely dormant when I arrived in England. Not an editorial line appeared in any of the many dailies, weeklies or monthlies. Two young men volunteered their services, and together we formed a small committee. Articles were prepared for the press, principally interviews on our aims and objects, and generally with me. We began to receive columns upon columns of publicity in the leading newspapers throughout the British Isles. Our idea was launched; would it stay afloat or be sunk in the whirlpool of public opinion? Would it eventually survive? It was then in the midst of a critical and much disturbed people, traditionally accustomed to taking care of themselves under all circumstances. Perhaps the idea coming from a Canadian might help to keep this vital question out of politics—a very difficult thing in Old England. Time alone could tell.

One of my first acts with regard to Canada was to send a telegram to the Premier of this country, asking if it were possible for him to meet the Opposition leader and agree to keep the question out of politics. I imagine that, if it ever comes to an issue in this country, it probably will be kept out of politics, but in any case I would say to you to-day that I hope it will, and that it should be. (Applause.)

The interviews aroused the imagination of the people. Letters began to appear in the newspapers. This started the public thinking. We used the idea of talking films to feature many of our articles. It created keen interest and drew big headlines.

We maintained that this educational idea, supported by our leading men and women, would quickly arouse our people to the mutual advantage of increasing Imperial trade without alienating our best customers or lowering the prestige and high opinion of Britain's commercial independence, integrity and credit—a point we Canadians must appreciate as a hereditary asset in seeking export markets. In other words a plan acceptable to all parts of the Empire for industrially uniting it for a greater effort, knowledge, research, and protection had to be found before a real and practical start could be made towards the realization of our aims and ideals. A greater interchange of trade to compete with foreign invaders and to right our trade balance must be our goal. With the use of the talking film we had in mind the carrying of our message to every corner of the Empire, explaining our objects, the necessity for quick action, mutual understanding, and finally a call to arms, for universal Empire trade expansion in a business-like way that would receive the full support, financial and otherwise of every Imperial unit. Our efforts stimulated those who had previously endeavoured to forward ideas in the same direction. It brought into the limelight the suggestion of the Canadian Chamber of Commerce in Great Britain, made in July, 1924, advocating a conference of all Empire associations of manufacturers, to consolidate trade interests. It revived a most comprehensive economic plan for industrially uniting the Empire, conceived by Sir Robert Hadfield, Bt., F.R.S., a distinguished man of science, inventor of manganese and other alloyed steels, and head of one of Sheffield's largest steel works. And finally, after my departure from England in July, satisfied that something had been started, Lord Beaverbrook brought to the surface his policy of free trade within a tariff wall Empire. This in turn was followed by Lord Rothermere who, while backing up Lord Beaverbrook's plan, did so with reservations; in fact he rebelled against placing a duty on foodstuffs.

Here, then, was a most forcible array of powerful influences all at work awakening the Empire to the vital necessity of meeting the serious problems of foreign invasion of trade competitors. The two Peers with their widely circulated newspapers soon deluged Great Britain with this plan, and for a time we felt we were completely swamped. But we did not give up; we kept our flag flying and were heard of in the House of Lords, the House of Commons, and throughout the Canadian and British independent press. We were fighting to let the British people know that, if a plan for increasing trade within the Empire was to be conceived and put into operation, we in Canada and the sister Dominions must be given a voice in its conception. Our appeal received a most effective response. A large section of the political following of the two parties in England are now beginning to concede that not only are we in the right, but that they desire to prove the fact by endorsing our educational and non-political plan. The Rt. Hon. J. H. Thomas, who, when in Canada last summer, said that the question of Intra-Empire Trade was a political affair, has evidently modified his opinion. You will remember that one of his first moves when he returned to London was to seek the Bank of England and solicit financial aid to relieve and modernize some of England's obsolete factories. Mr. Thomas returned to England; he did not recall the McKenna duties; he did not join the Free Trade Crusaders; he did not attempt retaliatory measures against the foreign countries invading the British Isles. So he called upon the financiers and asked for aid to resuscitate industry in order to fight competition. This was the first move in our projected plan.

The Free Trade Crusaders brought their plan before the House of Lords and the House of Commons for an expression of opinion, and it was turned down in both Houses. But in the course of the debates which followed, our plan was referred to on many occasions. Lord Cushenden devoted a large portion of his speech to it. Here again we triumphed with the support of a majority of all parties in the greatest parliament in the British Empire, if not the world, notwithstanding that we were insisting that this industrial question would never be settled or productive of desired results by making it a political football to be kicked off at every election. I spent several hours with Mr. Winston Churchill when he was in Quebec last summer. We discussed Intra-Empire Trade matters. You will remember that nowhere in his Canadian speeches did he preach tariff retaliations as a means of increasing trade within the Empire; but he did advise that this all-important subject should be settled by the business men, not alone of the British Isles but of the Empire, just as a board of directors would solve their problems at a round table. This was another endorsation of our ideas.

But of still greater importance is the recent stand taken on this question by Mr. Stanley Baldwin, who has given his full support to the principal idea of our aims and objects, namely, that whatever action was taken it should be outside of politics. Here is what the London correspondent of the Canadian Press says: "Chief among the planks of his (Mr. Baldwin's) programme was the proposal of arrangements between British industries and corresponding industries in the Dominions. These arrangements, he emphasized, should be made between the industrialists themselves and not by politicians." But the greatest victory of all in our campaign for increased trade within the Empire is to be found in the recent Empire report of the Federation of British Industries, one of the most powerful industrial bodies in the British Isles. It virtually embodies all our educational features as "conclusions and recommendations to the British Preparatory Committee for the Imperial Conference."

This, then, is our reward for persistency of purpose in the face of overwhelming odds. We were fighting a Canadian battle on British soil, because an attempt was being made to impose an imperial policy without dominion participation. Even worse, it was publicly said that, once the British people had been won over, the Dominions would be the next propaganda battle-ground. We maintain that this is a wrong attitude in an endeavour to weld the Empire commercially, and we believe we have proved this fact to a large following, comprising some of the most prominent British statesmen of all political leanings, which leaves the main object of our endeavour—to increase trade within the Empire—so much easier to accomplish.

The Canadian Gazette in London recently said on this subject: "It will never do to proceed along lines of Empire partnership which fail to give to the manufacturing interests in the Dominions their place in the sun." Our plan calls for whole-hearted co-operation of all imperial industrial interests, with the financial support of all governments and all political parties. While many organizations exist throughout the Empire to aid, encourage and develop trade, there is no one body co-ordinating the separate efforts of the smaller associations, so that we lose the benefits and advantages of the United States, Germany, and probably other countries.

A non-political Intra-Empire Trade conference will result in greater and improved industrial and agricultural relationships between Canada and the British Isles. I believe that the finding of markets for our products is just as important as stimulating production, and the higher the prices we obtain for our agricultural products, the more satisfied will be our people to remain on the land, and the greater the prosperity of Canada. (Applause.) By improving the quality, quantity and continuity of our products we can find a higher-priced market in Great Britain.

Among other subjects which might be discussed at an Intra-Empire Trade conference such as we have suggested are the following:

1. The removal of many irritating barriers now retarding trade within the Empire.

2. The creating of better understanding within Dominions on the economic value of buying within the Empire, through educational propaganda in all the industrial centres at which British statesmen—and when I say British I mean representatives of all the nations within the Commonwealth—and leaders generally of all shades of politics would be heard in person, or through the talking film on the subject of increasing trade within the Empire.

3. The promotion of a drive of manufacturers and business men to adopt or improve upon the modern methods of lowering manufacturing costs, aided by aggressive advertising and salesmanship.

For the foregoing reasons it is essential that a new organization be convened, representative of all interests which would control a staff of efficiency experts to supply Empire maufacturing concerns with scientific surveys and reports on their plants, with the object of bringing more of these up to the present-day efficiency of our competitors; keeping a constant survey of world markets with immediate notification to interested manufacturers; adaptation of an economic cable code—which I possess at the present time, to present to such an organization—a staff for schooling salesmen in tariff customs, languages and knowledge of Empire and foreign markets; a statistical bureau for world trade information second to none; assisting large corporations in establishing branch factories; exchange of our business men to better assimilate and perfect Empire trade understanding and co-operation; in fact, a clearing house for every branch of detailed information, equal to or better than that possessed by our rival competitors and for the benefit of all Empire traders. (Applause.)

It is very difficult for the British manufacturer to change his methods of merchandizing, or to comprehend that the political autonomy of the Dominions has undergone a change in the last few years. He still clings to his old associations, and believes he can continue business according to the old traditions. While some may come into the open and show a desire and willingness to cooperate and discover a common ground of understanding, and find a sane solution for increasing trade, a large number still hold the belief that the British manufacturers must go on manufacturing for the whole Empire. They fail to note the immense strides Canada has made in this direction in the past 45 years. For while our export trade to the United Kingdom has grown from 36 to 426 million dollars, that to the United States has grown from 34 to 500 million dollars. In addition there is an invisible revenue of around 250 to 300 millions coming to us through the tourist trade, which in a very few years will reach a much larger figure if we preserve our game, fish and other attractions. (Applause.) Just in passing I would like to draw your attention to the wonderful work which we are doing in regard to fish and game preservation in the Province of Quebec. I might say that this movement was started some years ago by my calling together a group of men in the City of Montreal. We had at that time about 150 of the leading citizens, and I explained to them that I thought the only way to improve the situation was by education, and to-day it has been proved beyond all measure that that was the only and proper course to achieve the results that we all expected at the time. We have now 2,500 members of a new organization which is doing splendid work in that respect.

But let us look at our export trade to other foreign countries. This has grown from 3 to 347 millions. We are selling almost twice as many goods to foreign countries as we are to the United Kingdom. The largest increases have taken place in the last few years, with every prospect of further increases in the near future. Are we going to endanger this export trade by entering on a trade crusade which may create a breach of understanding with our best customers? Rather let us work harder to sell more goods, and influence our imperial fellow manufacturers to co-operate with us in this effort. Let us get together on economic lines and, if necessary, carefully and prudently dip into tariff matters a bit later, but when we do, let us do it with unity of purpose and decision. The Empire must protect her present industrial position, and in this respect the Motherland should follow the lead in her Dominions, and first defend herself against the tariff walls of her competitors. Unless the tariff regulations of all nations come under an independent body like the League of Nations, I believe it is problematical how long this artificial restrictive trade system will survive without turning the world upside down.

I am apprehensive of Russia and other countries, like the Argentine. With their cheap and disciplined labour, how are we going to compete? This is a question which I hope such an organization as we are proposing to convene will give our Empire economists an opportunity to study, so that they may suggest a line of successful defence. The United States are giving of their best brains, experience and goods, toward the building up of Soviet Russia. Russo-American trade is now greater than is was before the war. It is to be hoped that the Americans do not apprehend or fear any grave danger from their commercial assistance. If the present Russian economic five-year plan of development succeeds (and visits of American economists to Russia say that the first year has), then Russia may flood the United Kingdom with wheat and other supplies in the not far distant future. Will the population of the Motherland be willing to pay her Dominions more for her foodstuffs than she can buy them for in Russia and other foreign countries, is a question I leave to you to answer. This is a serious situation to contemplate. Just as one item of importation to the British Isles, may I refer to the fact that the United Kingdom imported 15 million dollars' worth more lumber last year than previous years. To give you an idea of how Russia is increasing her sales, even in the British Isles, you may be surprised to hear that even last year, Russian pulpwood was delivered and sold in the Province of Quebec and in the United States, and it sold at very nearly equal figures with that of our own producers. And I have heard quite recently that the American firm who purchased the Canadian cargo have renewed their contract, and more shipments will be brought to this country this year.

If the people of the British Isles took full advantage of the preferences which Canada has extended to them and reciprocated, they would possess all the advantages of a freer trade within the Empire without eliminating their foreign customers. While Canada's best customer may in time be the United States, we should not lose the splendid opportunity of developing and maintaining markets elsewhere; and I think that our producers and manufacturers are far from taking full advantage of their opportunities in the British markets—a fact which they will regret some day, in the same manner as the British manufacturers and capitalists regret not taking a greater interest in Canada years ago. We can profit by such experiences, and it is up to our manufacturers to lose no further time in securing a greater portion of Britain's markets before they are lost forever. Canada possesses one of the most efficient staffs of trade commissioners within the British Isles. They are conscientious and patriotic workers, but their hands are tied by the lack of response and co-operation from the Canadian shippers. It is a deplorable example of lost opportunity to increase our sales abroad and thus increase our production at home. By greater effort in this direction we would at least dispose of larger quantities of our farm products and help our farmers.

A trade commissioner a few days ago writing to me said: "You will be rendering valuable assistance to Canada generally and to our trade and propaganda organization in the United Kindom, if you would impress upon Canadian exporters the great opportunity which exists in this country for many Canadian products, and the vital necessity of greater co-operation and support upon their part in order to take full advantage of the openings offered here. I am glad to read how completely you dealt with this aspect upon your return to Canada. I am hoping that sustained response will follow in due course. At the moment, however, definite results of our effort on this side are greatly nullified by the absence of adequate Canadian stocks of many Canadian products. Notable instances, according to our reports, are bacon and canned fruits and vegetables."

Mr. W. A. Wilson, Canadian Agricultural Products Representative in Great Britain, says that the reason why Canada is not getting a larger share of the British foodstuff market is that quality itself is not sufficient to win the British market; there must be quantity as well. He maintains that sales contracts cannot be established and maintained in Great Britain unless there is assurance of an adequate supply of the commodity sold, be it bacon, eggs, meat, salmon, or other food. This testimony and many others which I received, together with my own experience and impressions, caused me to suggest on my return to Canada that Canadian manufacturers and shippers of Empire products should own and control a modern warehouse in London to store, bottle, can, and pack, Empire goods sent over in bulk, and to house and accommodate the representative staffs and salesmen, and that Empire products be sold direct to the consumer at the lowest possible cost through an aggressive advertising campaign. By selling direct to the trade, establishing a Canadian trade mark, we can give the farmers higher prices for their produce and encourage greater production at home.

In concluding my address, I want to say that I believe that much good will come out of the present propaganda for increased trade within the Empire. It will help to remove the ignorance, apathy, and misconceptions from some of our British and Canadian manufacturers. It is they who have everything to gain by an improvement which may follow in the wake of our plan to help Canada to a greater portion of Empire and world trade. To assist in this object, capitalists must retain the control and development of our natural resources and continue to build up large reserves in our industrial corporations, to reassure the full and lasting confidence of our small investors. We must keep more of our investment funds at home to develop our country, while at the same time keeping our eye on the world markets. Canada has an enviable future, but her high destiny cannot be achieved unless every Canadian is willing to assume his responsibility. We are developing and producing many natural resources required throughout the universe, and it is our duty to manufacture and merchandise these rich assets with Canadian capital, administration and salesmanship equal to that of any foreign country. We can do it and do it well. If so, then we have nothing to fear in the present or future industrial struggles. (Applause.)

CHAIRMAN: It is not our custom to have formal votes of thanks, but may I express our very sincere thanks for your very instructive and interesting address. (Applause.)

"WHAT WOULD UNITED STATES NAVAL PARITY WITH GREAT BRITAIN MEAN FOR CANADA?"

AN ADDRESS BY PROFESSOR GEORGE M. WRONG

10th April, 1930.

VICE-PRESIDENT H. G. STAPELLS occupied the Chair and introduced the speaker, who said: I am in a humour for asking questions, as you will find in a few minutes, and the first question I am going to put to you is, How does it happen that this audience of British people is here to-day? And the answer of course is that we are here to-day because of the British Fleet. It was the British Fleet that made possible the British conquest of Canada; it was the British Fleet that later, when the American revolutionaries invaded Canada, made it necessary for their forces to withdraw; and later still, in the war of 1812-14, although there were single victories of American ships as against British ships, in the end the British Fleet secured command of the sea and made it certain that Canada should remain a British state. And so, out of the action of the British Fleet, this is to-day a British country. Now while I am saying that, I think one ought to be on guard against exaggerating the predominance of the British naval power. As a matter of fact, British naval power did not become predominant in the world, with no uncertainty, until the victory of Nelson at Trafalgar, and British naval supremacy has endured from that time to the present day, although we are now confronting a situation in which British naval supremacy will have come to an end.

Now one of the first questions I want to put relates to the situation of the world at the present time. Are we in a new era of international relations? Quite recently Jan

Smuts, speaking at Oxford, said that the treaty negotiated in 1919 and 1920 marked the passing over of a watershed in human affairs. We have passed the watershed and we are coming down into the country beyond. Now it did not happen—that that watershed was passed—it did not happen in any casual meaning. Human civilization had been preparing for what the crisis of war made effective. The world had been drawing into a unity which to-day is very real. That is largely due to scientific development. The radio makes it possible for the lonely man in the Arctic regions to be in hourly contact with our world. The radio-telephone is newer, but I suspect that we shall hear more of it in the future. One interesting thing about the radio-telephone is that it means the same language at both ends. I cannot picture Mr. Lloyd George speaking in Chinese to the President of China, but I can quite picture the President of China speaking to Mr. Lloyd George in English. It is one of the effects of the radio-telephone that the world will tend more and more to a single language, and I have no doubt myself that that language will be our own English tongue. At the present time, I believe, half the newspapers of the world are published in English. Then the newspaper itself is an indication of the unity of mankind. It tries to collect in its columns all the things that are of interest in the world. I think the world is tending to a certain unity even in clothes, and I would like to ask you gentlemen, when you go home, to discuss the question with your wives, whether a common fashion in clothes has any tendency to unity of thought by those wearing them. It is a question that may have some meaning. At any rate, the people in the world are tending more and more to think and act like each other. Then we have, as the expressions of these unifying forces, the League of Nations and the great Peace Pact. Now these things show that we have crossed the watershed and are coming into a new region. It is quite unique in the history of mankind—not that some nations can talk together about peace, but that practically all the nations should be united in desiring relations that should invalidate the resort to war. And not only have we a League of Nations, but we have the representatives of those nations meeting every year to keep alive their problems, to discuss their difficulties, and to try to go ever farther towards the maintenance of peace and justice in the world.

Now, another question that I propose to ask is, Does war involve gain to even the victorious side? I am not going to dwell upon that subject, but I hope that you will all agree with me that even victory—we ought to know it by this time—even victory does bring dire results to the victor. And I suppose that we are all agreed that if war can be avoided, it is not merely to find success in saving human lives, but it is to promote the economic welfare of mankind.

Now I am coming to the specific question that I am here to-day to discuss—the question of naval parity with the United States. Let me ask one more question. Does the United States need a great fleet? Well, the United States, in some curious ways, is an island. It is quite true that the United States without a fleet is quite immune from successful invasion. The United States can feed its own people and, failing that within itself, it can descend upon the food supplies of Canada and fill up what is lacking from what we possess, because, mind you, a navy will not affect the relations by land between this nation and the United States. Our resources will always be more or less open to a nation that has 120 million people to our ten million. Now, the United States, first of all, is bound to have a fleet equal to that of any other nation, and I do not think anything will alter that decision. But it is fair for us to consider the grounds of that policy. Let us remember that the United States has a vey extensive seagoing commerce. Mr. Roosevelt, who has recently written an admirable book upon England and America, is bold enough to say that the shipping of the United States on the ocean is twice that of Great Britain. Whether that is the case or not, the United States undoubtedly has a great seagoing commerce. And then the United States draws a very considerable part of the things that it needs daily from sources that involve their passing to the United States by sea. The United States has of course within itself resources that are the envy of the world. They have copper, they have oil, they have iron, and a thousand other things, but they have not enough rubber to satisfy their needs. And they are lacking in a commodity that this country happily possesses, the commodity of nickel, in which I believe a few Canadians are financially interested. (Laughter.) The United States has to bring its rubber, and the things that supply in some measure its breakfast table—its coffee, its tea—from overseas, and one half of the imports of the United States consists of imports from tropical countries, that in the main come by sea. So that the United States really has a commerce on the sea that justifies its taking the position that a fleet, a great fleet, is necessary, to defend its commerce. It does not matter for us to say that that is a mistake. The United States is convinced of that justifiability, and it does not depend upon negotiations in London whether the United States is going to built a fleet to equal the fleet of any other nation.

Not let me pass to another question. Does rivalry in trade between the United States and the British Empire ultimately involve war? Before I discuss that point, I want to say just a word upon the use of the word "inevitable". It is a word that we use quite too freely. I do not believe that continued peace with the United States is inevitable, any more than I believe that war with the United States is inevitable. God knows what is inevitable, but to our human wisdom nothing is really inevitable until it happens, and whether it shall happen or not depends upon our human wisdom or unwisdom. So let us dismiss the idea that either war or peace in respect to the United States is inevitable, and let us look at the facts of the situation. Does commercial rivalry in the long run involve war between the British Empire and the United States? There are American writers who say that it does. I do not know whether there are any British writers who say so or not, and I have just been reading a book which in rather glowing terms describes the future of the United States, and draws the high moral that the United States is too wise to try to govern the world; it will merely content itself with owning the world. (Laughter.) Now, trade rivalry within the bounds of a state does not involve war. We have the keenest rivalry within our own frontiers in respect to trade matters. I have heard it stated, for instance, that certain motor companies are engaged in very keen rivalry. I have not yet heard that they massed their forces and armed them with rifles and prepared to make war upon one another. Rivalry in trade is really dependent upon peace, and I do not myself believe that the keen rivalry in trade between the British Empire and the United States, which is likely to be intensified in the future, in any way involves war. Moreover, it is quite easy to draw too glowing pictures of the position in the world of either of these political units. Take, for instance, the case of the United States. Is its expansion in trade and population as boundless as some writers indicate? Well, I suppose that most of you here would think that a journal edited in Wall Street would not be likely to indulge in excessive idealism. I do not suppose that the financier who is facing concrete conditions likes to do anything else than to weigh the actual possibilities and probabilities of the situation. And recently a Wall Street journal, not *The Wall Street Journal*, but a Wall Street journalist, discussed the future prospects of the United States. He pointed out two things: first, that the birth rate is declining, and, second, that immigration is also declining. Immigration is now at the rate of about 250,000 a year. The birth rate is declining at the rate of 50,000 a year. I leave it to your mathematical genius, Mr. Chairman, to calculate how long it will take with that decreased birth rate to wipe out the increase by immigration. Even I can see that it would take five years. Further, the annual births in the United States, according to this writer, amount to 2,400,000. The deaths run to 1,100,000, leaving a difference in favour of births of 1,300,000. Now, I am going to put a greater strain upon your mathematical powers, Mr. Chairman, and Gentlemen; how long would it take at the decline of 50,000 a year in birth rate, to wipe out that 1,300,000? Well, the Wall Street journalist does not shrink from drawing his conclusion, and he says that some time between the year 1950 and 1960—he does not assume that the birth rate will always continue to decline exactly at the rate of 50,000—but between those two years the population will have become stationary at something in the neighbourhood of 160 millions, or rather more than one third of the population of the British Empire. One may ask whether the British Empire in trade matters even has as good a prospect in the future as the United States. It is calculated that a single workman in the United States, aided as he is by machinery, produces twice as much as a single workman in Great Britain. That is largely due to the methods in what is called mass production, and there is no doubt (anyone who has travelled far from Canada finds it out) there is no doubt that the trade of the United States has enormously profited in all parts of the world by this mass production. Even in Kenya, which is British territory, some 86% of the motor cars are made in the United States. Other nations, especially our own nation, can learn mass production. Other nations besides the United States can get the great free market such as the United States has within its own frontiers. And I should not be at all pessimistic about the possibility that we within the British Empire can hold our own in the severest competition with the United States, and without any resort to war. (Applause.) I believe the foreign trade of Canada during the past ten years has increased relatively five times as much as the foreign trade of the United States. That does not look as if we were quite going to the wall. (Applause.)

Now I come to the real question that we have to ask ourselves. What does naval parity with the United States mean for Canada? Now remember that the British command of the sea in the past has enabled the British to choose, if I may say so, the places where they are going to fight. It is not without profound interest to us that no part of the British Empire—I hope I am correct in saying it as strongly as that—no part of the British Empire was invaded by the enemy during that long and dreadful war. Naval power is mobile, and British command of the sea has in the past enabled them to choose the area in which they shall do their fighting. It has enabled them to fight with the enemy rather within his frontiers than within our own frontiers. Great Britain herself has not been invaded by a foreign enemy for a very, very long time. Now, naval parity with the United States means, and I say it regretfully, the end of that condition, and especially as it is applied to Canada. Naval parity with the United States means that in Canadian and American waters the fleet of the United States will inevitably be more powerful than the fleet of Great Britain, because Great Britain has to go to remote regions with her naval power. Naval parity with the United States thus means that there will be the probability, the certainty I think one may say, of the invasion of British territory by the armies of the United States should war come. I was speaking quite recently in the United States in the presence of a former Secretary of War, and I turned to him and said, "What would you do in respect of Canada in case war should break out between the British Empire and the United States? His answer was rather naive but quite pleasant, because it showed that he had nothing but friendly thoughts of us. He said, "I never thought of that." "Well," I said, "I have thought of that and, if I were President of the United States, what I should do in case of war between the British Empire and the United States would be to give Canada, say, one week in which to make up her mind to be neutral or to take the consequences." And the consequences would be what? With naval parity, that the fleet of the United States would block our seaports, Halifax, St. John, Quebec, Vancouver and Victoria, and destroy our seagoing commerce, injure it for the time being, at any rate. Not only that. With our long line stretching across the continent, with neighbours twelve times as populous as we, another consequence would be that communications between the east and the west would be cut, and our commerce to that extent destroyed. One other thing that would help the United States, in case of such a war, is that the United States would be able to get control of our supply of nickel, of which I believe we have something like a monopoly, and which is of vast importance in war, and, having it, would put Great Britain at a great disadvantage. Now I have reason to believe that that very policy has been talked of as a possibility in case of a war, and it would put us in the position of an invaded country, without much possibility of getting help. Great Britain could not send troops across the sea with the American fleet blockading Canadian seaports, and we should have to face the alternative of fighting in the war or declaring neutrality. Now, I have no doubt that to everyone here the thought that we should be neutral in such a war is most unwelcome. First of all we have no power, no constitutional power, to declare neutrality. War and peace, within the British Empire, are made not by any one government within the Empire, but are made by the King who is the head of the whole Empire; and when the King declares war, as he does within his prerogative, the whole British Empire, at the present time at any rate, is at war, and it is the King who says whether there shall be war or peace, and we have no constitutional right to declare our neutrality. I am not going to suggest any course of action in such an event, but let me say this: that probably our neutrality would be welcome to Great Britain because it would save her from the need, in case of war, of straining her resources; it would save her from our defence, and neutrality might just possibly be more in the interests of the British Empire than our sharing in the war. But I think that most Canadians—certainly in the number I should include myself—would have great sorrow of heart if, in a struggle such as that, this British Country should be under the necessity of declaring its neutrality. (Applause.)

Now I am going to ask you another question. Will naval parity with the United States make for peace? To that question my decisive answer is, yes. If we have to have naval parity with some country, with what country would we prefer to have it? With Japan? I do not think we would have any great need to fear Japan, because not only Great Britain and ourselves, but also the United States would resent any interference on our coasts from Japan. France? France to-day has an air base so near the British capital, London, that within half an hour of the declaration of war she could drop bombs on London; France with her seaports defended by a fleet of submarines that practically save them from attack. In connection with war in the air we are at a great disadvantage as compared with France, because the capital, London, is near the coast, while Paris is a long distance from the coast, and Great Britain could not injure France to the same extent. I apologize for talking about war in this way, but we have got to face the possibility. Great Britain could not injure France nearly as quickly, or probably as effectively, as France could injure Great Britain in case of war. No, if we must have naval parity, the United States—a people largely of our own blood, a people at any rate with a considerable portion of our own traditions, people who speak our language, people whom we understand fully in the daily commerce of life—those are the people with whom we should prefer equality. And since it must come, I think we may be happy in realizing that it is with the United States rather than with any other country.

A Canadian audience does not need to be told that there exists in the United States a kind of perennial suspicion of the designs of Great Britain. That has become, if one may so say, almost chronic. It comes from the American Revolution, in which, so far as I can make out in studying history, each side was about as much to blame as the other. At any rate, that condition of mind has existed in the United States now for a century and a half, and that has helped to determine the attitude of the United States towards proposals by Great Britain, even this relating to naval parity. This remarkable thing has happened. I have said that we are in a new era. This has happened within the last year: the tone of the press in the United States, the tone of Washington, is to-day not what it was a year ago. A frank discussion of these problems, the conferences that have proved beyond doubt that Great Britain is entirely sincere and honest in the willingness to accept parity, have disarmed suspicions, and there is a far better atmosphere to-day, I think one may say throughout the whole United States, towards Great Britain than there was even a year ago. And as for Canada, the people of the United States, I think one may say it with all modesty, have a certain admiration for this country, and a very cordial feeling towards us. I think they have the belief that we somehow or other manage to enforce our laws with greater rigidity than they are able to enforce theirs. I think a considerable proportion of them may have admired the manner in which we have tackled the problem of prohibition, and in many ways people of the United States have learned to respect this country and to have towards us the most cordial feelings of friendship.

Now, Mr. Chairman, I have said a good deal about naval warfare; I want to say one thing more. It may be that ten years from now this whole problem of naval parity will have passed into oblivion. I am no expert in matters of the fleet or of the aeroplane, but I know this —that naval men, and in a larger degree men connected with the air service, are convinced that the day of these big fleets is over, and that a few years will see the end of naval rivalry—there may be some other rivalry—but will see the end of naval rivalry because that will not mean very much to the nation. I am not saying that I endorse that view, but I am saying that many keen minds are convinced that that is the outlook for the future, and that naval parity, even if it has objectionable features, will solve itself in that way within a few years.

Now I come to the end. I said at the outset that the world had passed over a great watershed and that we are now in a new country. I should like that we go back to our counters thinking that idea. Now, Mr. Chairman, we do not like ideas. There is nothing that the average citizen of the British Empire is more afraid of than an idea. John Morley once said that, and he ought to know. An idea is such a troublesome thing. I remember a Master in Balliol College saying to me that one of his predecessors, also a Master, had not had an idea in forty years. And I said to myself, "What a happy man!" (Laughter.) How soundly he must have slept at night! He can play golf every morning and every afternoon, and go to bed at night with the calm serenity of a man who has not had to think about anything. Some of us, to our worry and loss, are hectored with ideas. I do not know any more uncomfortable bedfellow than an idea. (Laughter.) The blank thing will wake you up in the middle of the night and it will say to you, "What are you going to do about it?" and if you don't settle it that night, it will wake you up the next night, and you have to go on, and on, and on, fighting that idea, until at last you give in and do what it tells you to do. An idea has been launched in the world. You may fight it, you may dislike it; we may protest against it because we want things to go on as they were, but the idea has come, and it will wake you up at night if you do not pay some heed to it. And that idea is that there is a unity in the human race, that it is folly and stupidity for the different members of the human race to try to solve their problems by war, and that they must have confidence in machinery that aims at ending that folly and that stupidity. And now for the first time in history we have created a machinery. We have the League of Nations; we have a peace pact; we have an annual meeting of the Assembly at Geneva; we have the International Labour Bureau, trying to solve the difficult problems of labour throughout the world; we have an International Court of Justice, and a dozen other agencies that have been seized by that idea, and are trying to make it effective in human affairs. Let me say again, you have got to take that idea for what it is worth; it won't leave you alone, and we, like other peoples, have to work out its implications. As I sit down let me add this word. Avoid the cynic. I have spent a good part of my life among young men. There are no cynics like the young cynic; there is no cynic like the young man who has just been disappointed in love; the whole world is black desolation for him. We are all young still, but I hope we are old enough and wise enough to discard cynicism. Let us confront not merely this problem of naval parity with the United States, but all problems, in the light of a great idea, and let me say the word of exhortation, "be not faithless but believing." (Applause.)

The thanks of the Club were tendered to the speaker by Rev. Canon Cody.

CANADA'S INTEREST IN THE RECENT DECISION OF THE UNITED STATES SUPREME COURT IN THE MATTER OF THE CHICAGO DRAINAGE CANAL

An Address by HONOURABLE HAMILTON WARD,
Attorney General, New York State.

24th April, 1930.

Mr. C. P. Tisdall was in the Chair and introduced the speaker, who said: The subject which your Chairman asked me to speak about is rather technical in its nature, and one which in most communities would be regarded as a dry subject for an after-dinner discourse. The question, however, of the level of the Great Lakes, and the amount of water that flows down our international rivers, is becoming increasingly important, since water is the life-blood of our two nations. So perhaps I am justified in discussing what is more than an American lawsuit, because, while you were not parties to the record, your interests were before the Court, and were doubtless considered by the Court in reaching the determination which I feel is fair to the lake States and the lake Provinces.

The suits brought in the United States Supreme Court by the State of New York and the other States against the State of Illinois and the Sanitary District of Chicago have been finally decided by the Supreme Court ten days ago, in accordance with the claims of the complainant States. (Applause.) This lawsuit, international in its effect, has been well said to have affected more people and more property value than any other lawsuit ever brought on this continent. It has occupied a considerable portion of my own time since I undertook the office of Attorney-General of New York State on the first of January a year ago. While the Dominion of Canada and the Provinces of Ontario and Quebec were affected in the same way as the complainant States, you were not parties to the litigation, although an eminent barrister, Mr. J. Lewis Corey, of Ottawa, attended all the hearings before the Master, attended all the sessions of the Supreme Court, and was most helpful to the complainant States in his suggestions.

Our Great Lakes have a comparatively small watershed, but, by reason of the falls at Niagara and the Sault and in the St. Lawrence, their level is easily maintained, and their water-borne commerce in proportion to their extent is the greatest in the world, not only in tonnage but in value. Their shores are 8,300 miles, and there are over 400 harbours; and that means major harbours. The annual grain movement alone is nearly five hundred million bushels, and fifty million tons of ore are moved every year. As you all know, of course, vast sums of money have been spent by both Governments in deepening the harbours and channels, and the International Joint Commission has very carefully outlined the amount of water that can be taken for power purposes by both nations, both at the Sault, Niagara Falls, and ultimately, I presume, will do so at the St. Lawrence. The natural outlet of these lakes is to the east. There is no other such water power reserve in the world, where ordinary seasonal changes do not affect the flow of water. The only thing that affects the flow of water at Niagara Falls is the course of the wind in Lake Erie; sometimes the water is raised or lowered by the wind, but there is practically no seasonal variation in the flow of the water. I presume that is true both at the Sault and at Niagara Falls. Water power matters have been much under discussion in our State in the last year, and power men tell me they know of no other situation like that in the world, where nature has provided such a wonderful reservoir.

At the time of the commencement of these suits by the complainant States, the City of Chicago, by means of an artificial channel, not authorized by any international agreement—that never came under the consideration of the International Commission, and so far as I know there has been no treaty reference to it—was diverting in the neighbourhood of 10,000 cubic feet in a second. Passing from Lake Michigan through an artificial canal, into the Illinois River, whence it flowed into the Mississippi, this diversion was for the purpose of diluting the sewage of the City of Chicago. The sewage emptied into the Chicago River, and this flow of water was intended to dilute the sewage and carry it into and out of the Chicago River. Chicago, like your city and the other lake cities, takes its supply of water for domestic purposes from the lake, and naturally was anxious to avoid the pollution of its water supply by its sewage. Of course their problem is a much greater problem than the problem of the smaller lake cities; there is no other city on the lakes that can approach Chicago in size. So this is a very serious thing for Chicago, as well as being a serious thing for those of us who are interested in maintaining the levels of the Great Lakes.

The abstraction of this great volume of water was found to have reduced the lake levels about six inches—I think in Ontario about five inches. Now, that does not seem like so much until you realize that our harbours and channels have been dredged to a uniform depth of 21 to 22 feet. I think in the Welland Canal development a greater depth is provided for; I believe it is 25 feet over the sills. Our lake carriers, those great vessels that are carrying your grain and our ore, are built in the most economical manner and designed for the greatest depth possible, and that means the depth of the shallowest place they have to pass over. Twenty-one feet, I think, they are almost universally designed to draw. Now just see what a difference six inches makes on that. It makes a difference in the carrying capacity of the vessels on the lakes of three million tons a year, and the average rate on tonnage is 68 cents a ton; that is, a loss of between two and three million dollars a year on that item alone, by reason of taking from the depth of the harbours and channels.

Now a word about the history of this diversion. Of course there are other diversions; there is your Welland Canal diversion, but that does not take the water out of the watershed, it takes it from above the falls and returns it to the watershed below the falls. I know of no other diversion from the lake system itself, except a small diversion made by the State of New York years ago when the Erie Canal was built—no, that came back to Lake Ontario; it carried the water through Buffalo, down through New York State, to the Seneca River, when it was emptied into Lake Ontario; so that even that barge canal of New York, while it kept the water out of the shed for 200 or 300 miles, ultimately returned it. As far back as 1822 Congress authorized a canal from Lake Michigan so that small boats could pass into the Illinois River and down the Mississippi. Of course, we all remember in our history that the building up of this country, on both sides of the line, was originally from the development of water transportation, and there were several canals that led from the Great-Lakes system to the south. One of them was a canal through Chicago. That was not completed until 1848, and it had to lock over a little level there. It is rather interesting that the height of ground between the Great Lakes and the Mississippi valley was only about nine feet, and I think originally, before the last glacial period, scientists tell us that the Great Lakes flowed down the Mississippi, and not this way; that is, the upper Great Lakes. They enlarged this canal from time to time, and finally by 1872 they reduced it to a lake level canal, and water began to flow out of the watershed. I do not think it was by reason of that diversion, because it was not serious, but probably by reason of drouth the lake levels were diminished. I presume this dredging operation at Detroit has tended to diminish the lake levels in the upper river, and probably the work in the Niagara River has also tended to permit more water to flow over Niagara Falls. Any removal of obstructions for the purposes of navigation necessarily permits a greater flow of water. So matters stood in 1872. After that they had to pump water into this canal; it did not flow any longer into the Mississippi. Then this sewage problem began to trouble Chicago. Chicago was growing by leaps and bounds; it had a very active and aggressive population; it took its water from the lake and emptied its sewage into the lake, and the Chicago River became very foul. So there was conceived the idea of turning this sewage down the back door. They enlarged that canal under State Charter; they formed a municipal corporation called the Chicago Sanitary District, and they took more and more water out of the lake. At first the States along the Mississippi, into which this sewage was being dumped, complained, and Missouri brought an action restraining the emptying of Chicago's sewage into its waters. They also took the position that an international question was involved, that it was a violation of treaty rights to lower the level of the lakes. It was difficult, however, for Missouri to show that any of the polluted sewage really affected their water supply, because of other sources of pollution; and gradually the river States became reconciled to the idea, because of the vastly increased flow of water in the Mississippi River caused by this diversion. It was better for commerce, and so when the final test came between the State of Illinois and the other lake States, we found the Mississippi River States in agreement with Illinois, and appearing in opposition to the lake States, for the purpose of maintaining that diversion in the interests of navigation.

Now this canal, as it at present exists, is not a navigable canal; it is purely a sanitary proposition. It runs about twenty miles from Chicago, and there ends in a declivity down which the water plunges, and at which a considerable amount of power is developed, which is used by the city and sold by them. In 1908 the Attorney General of the United States brought a suit in the United States District Court in the Northern District of Illinois, asking that the Sanitary District be restrained from diverting any water in excess of a permit by the Secretary of War, which allowed 2,500 cubic feet per second. That suit came to be heard before Judge Landis, and he kept it under consideration—he lived in Chicago (Laughter)—for seven years without deciding it. (Laughter.) In the meantime Chicago increased and continued to increase the diversion, and it was only upon the Judge retiring from the bench to take up his present duties, that he rendered a decision, holding that Chicago had been wrong all the time. (Laughter.) That case got to the United States Supreme Court in 1925; and in that case, too, stress was laid upon the international question, although you were not a party to the case. And the Court there held that the lowering of the lake levels constituted an obstruction to navigation, in which the lake States had a right to complain. And then it was left to the Secretary of War to say to Chicago, "You must not do it". The Secretary of War said so frequently, and ineffectually. (Laughter.) The problem of coercing a sovereign state, I presume, is not unique in our country. (Laughter.) But in spite of the protests of the Secretary of War the diversion continued, and so it became necessary for the States themselves to bring the suit, the termination of which I announced at the opening of my remarks. Wisconsin, Minnesota, Michigan, Ohio, brought suit against Illinois, and New York brought a separate suit, in which we asked the Supreme Court to restrain Illinois from this diversion. We took the position that this was no different from a suit between individuals brought in the courts of a province or state. We said, we are riparian owners—that means owners having access to the waterfront with rights in the water; we are riparian owners, and this diversion interferes with the rights of our people; it affects the depth of the water in our harbours, and burdens our commerce unjustly and unnecessarily. No issue was made in the lawsuit at any time of the water-power issue, that is, the diminution of the flow of water over the various points where power is developed, because it would be difficult to prove any damage by reason of the fact that the International Joint Commission only permits a small proportion of water to be used for power purposes, except, I believe, at the Sault. Suits of that kind between states in the United States are brought, not in the ordinary way, by starting them in the lower courts—a process with which you are all familiar, and which is owing to our Anglo-Saxon heritage; but we start in the highest court a suit between the states, and then the highest court may—as they did in the old treason case where Aaron Burr was indicted for treason—they may empanel a jury, and act like an ordinary trial judge; or they may, as is more common in these days when the court is so heavily burdened, appoint a Master to hear the proof; and in this case they appointed our former Secretary of State, Charles Evans Hughes, as Master to hear the proof. Chicago contended that as a riparian owner she had a right to take water from the lakes; that she was a co-owner in this heritage and that she was only taking her share and no more than her share, and that her paramount necessities justified this diversion. She pointed out that the total flow of water over Niagara Falls was, I think, something in the neighbourhood of 150 thousand cubic feet per second, or greater, and that her diversion amounted to less than ten per cent. of that. She said that if there was any damage to commerce and navigation, it could be remedied by the placing of obstructions at Detroit, at the Sault, and in the Niagara River, which would hold back the water, and maintain the lake levels. She did not, however, offer any palliation or method of resolving the conditions in the St. Lawrence, where at Montreal, according to the proof made by the complainant States, the water level was reduced five inches; and of course obstructing works in the upper lakes would have increased that instead of diminishing it.

The proof went before the Master, and much evidence was introduced on the part of the complainant States about the proper method of disposing of Chicago sewage. It was contended that she could do what the other lake cities did, and, while the expense would be greater, it would be no greater in proportion to her wealth and ability to pay. (Applause.)

The Master found that there was damage; he found that the lake levels had been reduced, that shipping had been harmed, that riparian owners had been damaged; but he felt that that diversion was within the power of Congress, and that Congress had not acted expressly to prohibit it, and that courts had partially permitted it, and so he dismissed the complaint of the complainant States regretfully, as he found they had suffered real and substantial damage. He did not touch on the international question in his report. Of course he could not foreclose the international question; no American court could foreclose an international question. The lake States took an appeal from that decision to the United States Supreme Court, and the United States Supreme Court held that while the Master was right on his facts—that is, that we had been damaged—they held he was wrong on his law, that is, that we did not have any remedy. They pointed out the remedy; perhaps I had better read briefly, for the sake of clarity, what the Court said. That decision was handed down on the 14th of January, 1929. They said they did not care to pass on the authority of Congress to authorize the diversion, because that was not squarely before them; but they said that this was the true intent of Congress, and that they had no disposition to override the veto power of the States to protect themselves when their rights were interfered with, by taking water from one watershed and emptying it into another. What may be taken from the lakes, said the Supreme Court, is peculiarly an expert question which is naturally within the executive function and can be deputed to Congress; nevertheless, Congress may not arbitrarily destroy or impair the rights of riparian owners by legislation which has no real or substantial relation to the control of navigation. The diversion here, the Master found, and the Court held, was primarily for the purpose of sanitation and not navigation. The Secretary of War may not make this a basis for continued diversion, said the Court. "It may be that some flow from the lake is necessary to keep up navigation in the Chicago River, which really is a part of the Port of Chicago, but that amount is negligible when compared with the 8,500 cubic feet now being diverted. Beyond this negligible quantity the validity of the Secretary's permit derives its support entirely from a situation produced by the Sanitary District in violation of the complainants' rights, and but for that support, the complainants might properly press for the immediate shutting down by injunction of the diversion, save any small part needed to maintain navigation in the river. In these circumstances we think they are entitled to a decree which will be effective in bringing that violation and the unwarranted part of the diversion to an end. It is therefore the duty of this Court by appropriate decree to compel the reduction of the diversion to a point where it rests on a legal basis, and thus restore the navigable capacity of Lake Michigan to a proper level. The Sanitary District, for the purpose relying in argument on the health of the people, have too long delayed the substitution of suitable sewage plants as a means of avoiding the diversion in the future, and therefore they cannot now complain if an immediate heavy burden is placed on the District because of their attitutde and course. The situation requires the District to devise proper methods for providing sufficient money to construct and put in operation with all reasonable expedition adequate plants for the disposition of sewage through other means than lake diversion; though the restoration of just rights to the complainants will be gradual instead of continuous, and as speedy as practicable, and must include everything that is essential to an effective project."

Then the Court said that the Master must resume his duties for the purpose of determining how soon Chicago could terminate the diversion. So we went back to the Master. We hired hydraulic engineers, sanitary engineers, and even some political engineers (Laughter), and we gave evidence as to how Chicago could dispose of its sewage. Chicago had prepared a partial plan, showing how it could dispose of its sewage, but they said, this will cost us 300 million dollars, and will take fifteen years. Our contention was that the cost would be much less than that, and that by active diligence the diversion could be terminated by 1936. The Master reported that in his judgment the diversion could be terminated, except for 1,500 cubic feet per second, by 1938, and so reported to the Court.

You see, there is something beside this diversion, there is something beside the water that is used to flush the sewage. Chicago pumps from the lake its water supply, perhaps two thousand cubic feet per second of water, which passes through the houses and factories and becomes polluted, and the residue of it is the sewage which flows into the sewers. Now what to do with that was a separate question. In that respect my position was different from that of the other lake States. They said that as a matter of strict law Chicago must not take any water, even sewage, from the watershed, but must return everything that it took, that was not consumed, to the watershed. I felt that that was too strict a rule to impose on Chicago, and that as long as the pumpage for domestic purposes was confined within reasonable limits, and did not amount to any reduction in lake level, it would be a pretty hard thing to say to a city, "You can pump your domestic supply of water from the lake but you must evaporate your sewage in beds, as can be done by smaller communities." You do not know whether that water is going to get back into the Mississippi watershed or the Great Lakes watershed, so you may use a reasonable amount of water that you need for domestic pumpage, and dispose of it as you see fit. The Master adopted that theory—that Chicago must stop using the lake water for anything but domestic pumpage; that so long as its domestic pumpage was reasonable, and did not amount to enough to lower the lake levels, they might dispose of that as they saw fit. From that decision of the Master an appeal was taken by Chicago, and appeals were also taken by the complainant States. I objected to Chicago's being permitted to divert 1,500 cubic feet per second for navigation; the other complainant States objected to that, and they objected to Chicago being allowed to divert its domestic pumpage. So we came on, on the 12th of last March, before the Supreme Court again. In the meantime an interesting thing had happened. Mr. Hughes, the Master who had sat on this case on two occasions, had become Chief Justice of the United States, and the great pillar of strength that the complainant States had in the former Chief Justice we had lost. Of course Mr. Hughes could not sit in this case that he had reported on, and so the balance of the Court took the case. The case was argued, and with great expedition, in barely a little more than a month, the report was made, in which the Court said that the domestic pumpage might be taken by Chicago, although if the use became unreasonable, or if large amounts of water were diverted for industrial purposes, we might come back to the Court to restrain that. They said that all other diversion must be stopped, except an amount not to exceed 1,500 cubic feet per second for the purpose of maintaining navigation in this canal, which is about to become, under a recent Act of Congress, a real canal, needing in the neighbourhood of a thousand cubic feet per second to operate it. They required Chicago to report every six months about the progress it was making in completing these sewage plants for the purpose of doing away with the diversion, and they said in substance to Chicago—for they really had gotten a little bit annoyed with Chicago (Laughter)—it is a singular thing that from the time the Court rendered its first opinion that Chicago was wrong (I speak of Chicago, but the city is not a party, it is the Sanitary District, which includes a territory larger than Chicago) that the Sanitary District was wrong in diverting so much water, from that time to the time we got back again, a little over a year later, Chicago had made practically no progress in carrying out this work which the Supreme Court had said they must undertake and must pay for. They have a peculiar financial situation there (Laughter), but that really is not an answer. When you get a judgment against a debtor, it really is not an answer for the debtor to say, I would rather use my money to go to Europe. (Laughter.) "It is not particularly material", says the Court, "what means the defendant takes to diminish its diversion; it has already been decided that the defendants are doing a wrong to the complainants, and they must stop it, and they must find a way out at their peril. We have only considered what is possible if the State of Illinois devotes all its power to deal with an exigency, to the magnitude of which it does not seem to have fully awakened. If its constitution stands in the way of prompt action, it must amend it, or must yield to an authority that is paramount in the state." I know of no instance where the Supreme Court has used language of that force to any of our sovereign states.

Now it remains to be seen how quickly Chicago will act, in how much good faith and goodwill the Sanitary District will heed the mandate of the Court. There is ample power in the Supreme Court to enforce its mandate. The flow of water through the sanitary canal is now in charge of United States Engineers, who will be bound by the instructions of the Court. No one—I am sure no one in the complainant States, and no one here—wants to jeopardize the health of the people of Chicago or the Sanitary District, but we do feel that they ought to do what Toronto has to do, and what the other lake cities have to do; they ought to keep their sewage out of their water supply, and out of our water supply. It is a situation which they have created, and, when it harms others besides themselves, it is a duty common to every English-speaking jurisdiction to do their best to repair it at the earliest possible moment. (Applause.)

Before I leave the subject I must tell you about a rather amusing application; it is amusing from a lawyer's standpoint and I think it will appeal to all of you. The great City of New York and the great City of Boston need water. (Laughter.) Well, even Buffalo does. (Laughter.) They have practically exhausted the water in their immediate watersheds, so Boston has had to go over to the western part of Massachusetts and take water from streams which flow into the Connecticut River, an interstate river which flows from Massachusetts into Connecticut. New York has to go over into the west side of the Catskill Mountains; she has absorbed all the water that flows down the eastern slopes, that is fit for use, so has to go over and tunnel through the Catskills and take water from the head of the Delaware River that flows south, and forms the boundary between Pennsylvania and New Jersey. New York seeks to take 600,000 gallons of water a minute from that watershed, which is about one-third of the amount that is developed in the territory which she seeks to take, leaving two-thirds to flow down stream. New Jersey and Connecticut resent that, and they take the position that they are entitled to the full flow of the water, and the water that falls on that watershed must keep on going; we can take it out but we have to put it back. And so suits are now pending in the United States Supreme Court against the State of Massachusetts on the part of Connecticut, and against the State of New York on the part of New Jersey, to restrain those cities from carrying out their plans to take water. This decision of the United States Supreme Court, holding that Chicago may take water for domestic pumpage seems to me to be quite a life-saver to the State of New York. (Laughter.) My legal friends from Chicago, when we were in the Supreme Court, asked me if I was going to find a hole to crawl through, so as to stop Chicago from taking water, and let New York take it. I think this decision about domestic pumpage is a fair and equitable decision. (Laughter.) I see that you, gentlemen, grasp the humour of it very readily. (Laughter.) I think when a lawyer finds himself embarrassed everybody likes to laugh, anyhow. There is a reason behind that decision. You have got to apply a little more liberal rule to states than you have to cities. In the east, the states have grown up and developed from small interests which were ruled just as individuals were ruled. The riparian rights of the state have been judged to be the same as the riparian rights of a person or corporation. But in the west, both in your provinces and in our western States, where civilization came suddenly and development came suddenly, and where the land was part of a national domain before it was owned by the States or Provinces, a different rule is applied. You may take water for irrigation in the western States, and I believe in your western Provinces the upper proprietor may take a part of the water and he may use it. If he takes it for purposes of irrigation he cannot restore it to the watershed. The State of Kansas some years ago challenged the right of Colorado to take water from the watershed and use it, and said, "The Old English doctrine of riparian rights requires you to restore the water to the watershed; use it for irrigation if you want to, but put it back." Of course you could not do that, because irrigation consumes it. The Supreme Court said, "This is a different world; these are different conditions, these western conditions. Water is the life of the west; if all the water is left in the river it would be an unfair discrimination in favour of the last man on the river; he would have all the water." And so they said there must be in interstate rivers an equitable division of the benefits. Now that rule has not been adopted as to our eastern States. In the Chicago case, however, the Court said, "We will not apply the strict rules of the common law, which require all the water to be put back." And so I think the Court in the New Jersey case and the Connecticut case will ultimately say, "While New York and Boston must not abuse the rights of the lower owners, still as a sovereign state in which that water rises, there must be an equitable division of the benefits." (Hear, hear.)

Just one thing before I sit down. One of the objections that the State of New Jersey urged about our taking any of the water was that they had a lot of little oysters down in the end of the river, and they got a fine flavour when the spring floods carried the mud down from the Catskills, and it was a shame for the Philadelphia epicures to lose that. (Laughter and applause.)

The gratitude of the Club to the speaker was voiced by HON. MR. FERGUSON.

Captain Nobbs, of Australia, a former resident of Toronto, blinded in the war, and now on a trip around the world, was introduced by the Chairman, and expressed his pleasure in being back in Toronto. He spoke briefly on the importance of developing intra-Empire trade relations.

THE WORLD IN PERSPECTIVE

An Address by ROBERT J. CROMIE, of Vancouver.

1st May, 1930.

Mr. William Tyrrell, who was in the Chair, introduced the speaker, who said: We are starting out on a trip around the world to-day, and we must do it in quick time. There are two or three things I wish you would carry in mind, as they will help you get a real perspective as we hop around. Look at the size of Canada (indicating on map), three and a half million square miles; then look at the population, only ten million. When we get over to those countries in Asia and compare their populations and square mileage with ours, and their productive capacity with ours, you will come to the same conclusion that I have come to.

A country is just like an individual. An individual tries to make enough money to live on out of some peculiar genius that he has, or some particular commodity that he has to sell, and he tries to keep a pinch of change over in his pocket. A country that grows enough to live on and has a surplus left to sell is very lucky. Canada is in that position; we grow enough to live on; we have our fruits, our wheat, and our metals. Egypt grows enough to live on, and in addition has a two or three hundred million crop of cotton; Egypt is lucky.

Starting out on this trip from the Pacific Coast, the first place we come to is Hawaii. Hawaii certainly has what the rest of the world talks about. She grows enough to live on and has 35 to 40 million dollars' worth of pineapples and about the same of sugar, and a climate that is unequalled anywhere else in the world. When the sun goes down in Hawaii, there is no twilight; so when that big ball of molten lead goes down in Hawaii, in a short time it is dark. The men come out, and those Hawaiian men are just like big boys. They get out and serenade you, and there is something that creeps over you; that is the spell of the tropics. If you ever get a chance, go and see Hawaii.

Leaving Hawaii, you go over to Japan. Look at the size of Canada, three and a half million square miles, ten million people; look at little Japan with sixty million people. You certainly have to hand it to Japan for what she has done with the little that Nature has given to her. How do they live in Japan? Well, their life is very simple, compared with ours. Get out at Yokohama and go to Tokio, the capital. What does it look like? Well it is just like going from Toronto to Hamilton, only every foot of the way is occupied with little farms. All the way up the mountain side, every foot of land is taken, everything is producing. What does a house look like? Go into a little Japanese house, whether rich or poor, probably about half the size of this table, a sort of glorified doll's house. You walk in, take off your shoes, put on your sandals, and you come to a highly polished floor. They have only about a quarter of the furniture that we have, and half of what they have is put away, and taken out next week—changed around, like that. You sit down at a table a foot high, you warm your hands, and a little meal is brought in. Go to a manufacturing plant in Kobe and you will see three thousand girls working in a cotton factory under the most ideal conditions, and handled with less friction and fuss, and certainly a fraction of the food that was served to us here at luncheon to-day. (Laughter.) Their people live there, and another sixty million in Korea and Formosa, under those conditions. In the last forty or fifty years Japan has evolved from a little agricultural and fishing country to a great industrial nation. Modernization means mechanization, and that means metals. Who has got them? Canada has metals; Canada is full of them. If Japan can do that in thirty or forty years, what is big China to do? Leave Japan to her economic evolution, and it will be all right and good only as she tries in a big way to cater to China. That is where her service will come in.

The new government is more open-minded, and they are trying with that spirit, instead of running China at the point of a bayonet, to help and work with her.

Coming to China, look at the size of Canada and look at the size of China—three and a half million square miles to four million square miles; ten million people to 425 or 450 million people. China has every variety of climate from 20 degrees north up to about 60 degrees. It has a productive soil, it has an Asiatic background, and China as I see it will evolve politically and economically into a great republic, just as surely as the United States has evolved. And I will tell you why. With that variety of climate, producing semi-tropical crops down here, to cereal crops up in the north, you have every variety of production, and every variety of people from the little agile fellow in Canton to the big Manchu or Mongolian in the north. These observations are my own, and I am just a traveller like one of yourselves. There are many men who might not agree with my observations, but as long as they will take them as honestly advanced, that is all I ask. You say, What about all these revolutions and banditry and famines? China lives along three great rivers; she has only 7,000 miles of railway, whereas we have 300,000 on this continent. If you have good crops on this river, and poor up here, how are you going to get the crops over to them? Last night Canada went to bed worrying over a carry-over of 300 million bushels of wheat. Last night China went to bed, and from 25 to 30 million of her people were starving to death. The real problem is not a problem of over-production, it is a problem of getting production to where it is wanted. We are particularly interested in that because we are sitting here with great big commodities of the world, and if we were only conscious of world trends and world demands in those commodities, we could get them where they are wanted. The economic end of the League of Nations could move into China and erect a structure there just as easily as a financial promoter could move into a province in Canada and throw together three or four of the various public utilities into workable profitable groups. And you will see in the next two or three or five years the League of Nations in China.

What does China look like? Many of you have been there, but for the sake of those of you who have not, let us go to Pekin from a neighbouring city. That is like going from Winnipeg to Calgary. It is over long low plateau lands, and you come in sight of Pekin sitting like your finger-nail on the prairie. All the day long you pass farm after farm, not a foot of ground not used. There is no man in the world that has kept closer to the soil than the Chinese. And every few hundred yards you will see the little graves. They pay more attention to the dead than they do to the living, but they will get over that. (Laughter.) Look again at these three rivers, with all the business of China flowing in and out of them. You will get pockets of population in there of sixty million people and not a mile of railway, and that business controlled by those so-called international concessions of Shanghai and Hong Kong. How would we like it in Canada if we had Japan and China and Germany sitting on our necks in Montreal and Vancouver, and all the business of Canada going in and out of those ports controlled by them? Well, when you think of that, that is the position, largely, that you have in those international concessions. That might have been all right fifty or sixty or seventy-five years ago, or even twenty-five, but it is not the vogue to-day, and those powers who own those concessions have got to get off there and be compensated, but at least get out of there and give the Chinese a chance. Give the Chinese a chance and they will evolve into a successful republic.

When you go over to China and those Asiatic countries you will see the women doing the hard work; you will see the man strutting along like the lord and master, and you will see his wife about four paces in the rear. Four paces in the rear is the attitude of all the women of Asia to the men. You get down in India or over in Egypt and you will probably see a man riding on a little donkey and his toes lapping the ground, and his wife coming along behind carrying a big load. In this country, we probably spoil our women; I do not know. (Laughter.) Civilization, after all, is judged by its attitude to the women and children. I have monkeyed with some of the philosophers and I have tried to figure out why some of the women over here have not got along socially. I have never read in Buddha or Confucius an elevating reference to women; Jesus was the first man who recognized the place of woman in this life, and I believe that our Christian countries owe a great deal of our social evolution of our women to Christianity. (Applause.) Now the Asiatic countries are coming along. I noticed in Japan, one night, at a little supper there were fifteen young fellows at one side of the table, and fifteen girls, and it was a new thing for the girls. I noticed in other parts of Asia, when we would be handing our women into the car ahead of us instead of just jumping in and letting them walk along, the women were looking; they watched. Those women are just like our women; all they want is a chance.

We are trying to take the load off the people. In North America we have now $23.50 worth of machinery per individual; the figure is about the same in Canada and the United States. The next nation is England with $11.00 worth of machinery per individual. Germany would come next with $9.00. Agricultural France with about $4.00 or $4.50. Russia would be about fifty cents. When you get over to Asia, it is fifty cents and under. Going through these countries, that picture of machinery is reflected immediately on what you see men and women doing. Some people will say, especially labour, "Oh well, these new machines are putting us out of business." You ask them if they want to go back and do with their hands and their backs what they are doing in Asia.

Slip down now to the Philippines. In the Philippines you have a population equal to Canada's. They are low-lying, muggy, and little evolved above the negroid type, and I do not look for a very high social and economic evolution in the Philippines. They do not like the United

States any more than India likes Britain. The public never cares for its benefactors.

Come to Siam. It is the quaintest little kingdom in the whole world. It has kept its own royal family and its own railways, and when you get over in those countries you get some of the conceit taken out of you. When they held our motor car, as they did in Japan, for twenty minutes, because the Empress's train was going on the crossing, and where in Siam a little brown fellow tells you to move on, you think some of those people and their religions and their royal family mean as much to them as ours do to us. That is why it is necessary to get a world perspective. What is cold to us here in Canada is hot to those in the arctic; what is hot to us is cold to the people in the tropics. What is poverty to us is affluence in Asia, and what is immoral to us in Canada you might find is a regular practice there. So you have to get a world perspective and not look at it in the isolated view of the four walls of your own office, or your own Toronto, or your own province. When you see the world in perspective and see what is going on, you see the trends in the trades you are interested in.

Now leaving Siam and coming to Java, look at the size of Vancouver Island and look at the size of Java. Ten million people in Canada; forty million in Java. Java is just like a great big farm. It is run and owned by the Dutch. They have a right to one-fifth of all the production of Java. Java lies right on the equator like Borneo and Sumatra. It is coming on in a tremendous way; these two places have not been developed, but Java has. But the life span is short in Java. Take any one of the 450 varieties of wild orchids in the botanical gardens in Batavia, and in an hour it has faded. Take any one of the luscious fruits, so delicately flavoured; at night it has decayed. It is the same with the women. Girls are married at twelve; they have families at twenty, and at thirty they are old women. If you want to see a picture of Old Mother Nature, the way we turn up out of the soil, evolve, blossom, and go back, go to Java. You are walking on three or four inches of decayed vegetation, that has not had time to get back into the soil. That process of devolution has not had time to get completed. Going across Java, you have lovely railways and fine big hotels, and it swarms with life. But the women there seem to have outlived the men, and there are more women than men. Take the island of Balla, near Java; they have the habits of centuries ago, and you will see three or four women club together and buy a husband. (Laughter.) You will see the old boy walking along with an umbrella over his head, and a fighting cock under his arm, and you will see his three or four wives trailing behind.

Come up to Singapore, which sits out on the tip of the Malay Peninsula like a long sandspit. There are three million people on the Malay Peninsula, but it is low-lying, muggy and hot; but it is not like Java. Java lies on an elevation of 1,000 to 3,000 feet, whereas in Singapore it is all that low-lying sandspit. They grow rubber and sugar cane and copra and tropical fruits, but I do not look for anything from them in the way of metals like you may get from other countries.

Leaving Singapore, you slip up through Mandalay and Burma, and then you come to India. There is a poor sorry mess in India. Look at the size of India. Canada has ten million people on three and a half million square miles. India has 325 million people in a dry, hot, inhospitable country that could not support on our basis of living 30 or 40 million people. When I went to India I suppose I had the idea that lots of people have; I thought that the British were bedevilling India. When you get there you see the problems of India, and see how poor she is. Here is a little store in India; the storekeeper is selling grains. The stores are level with the streets there, and the old boy is sitting there with his legs crossed, and a little tray of wheat and a tray of corn and a tray of rice. A little woman comes up with a pinched face and she puts down a pice; that is a quarter of a cent; India is what they call a pice country. He puts in a little scoop of grain and he puts in a little handful—what we do in a bushel.

Ninety per cent. of the people live by agriculture, and the average annual income is 40 rupees, that is $10.00. Ten dollars to keep a family a year! Here is a farmer plowing, and he has a sort of cow tied up with ropes and a plow that is a little old sort of a stick tickling the ground for a couple of inches, where we would go along with a gang plow taking up five or six furrows of ten inches. All India is on that basis. India's trade in mass is a great big thing, but individually, no. India produces the cheapest pig iron in the world. India ranks sixth in export trade in the world. She produces the largest sugar crop in the world, but the economic evolution of India will never be in keeping with the productivity of the country. In addition to having a poor country, you have parasites which we would not keep or tolerate for one minute. There are four parasites in India, but that would not include the British. I would put the British at the tail end if they can be considered parasites. The first would be the thirteen or fourteen million head of wild animals, monkeys, and crows that are eating the sustenance that belongs to women and children. The next is child marriage. You see girls ten and twelve and fourteen years old who are married to older men, raising families before their bodies have had time to form. You cannot produce a people that way. Then sanitation. They do not know what sanitation is. A fellow in Benares had lost three girls from plague. He was in a cigarette store and I was talking to him, and I saw rats running in and out of the corner, and I said, "Couldn't you kill those?" He said, "Oh, I guess so." I said, "Don't they carry the plague?" He said, "Oh yes." Well, why don't you kill them?" I asked. He said, "Oh well, it was against his religion." In Benares you walk around with lepers, too. The fourth parasite is the royal princes. You and I do not know what regal splendour is. You see them with their long, fine gowns and their turbans bejewelled, and you see them playing polo in Delhi, as I did one afternoon with the Viceroy, playing polo on $5,000 polo ponies, instead of getting over to Canada and the United States and Europe and seeing how to do things and taking that information back to their people. I would certainly put those fellows out of India, or put them to work. (Laughter.) So if there are parasites in India, eliminate those parasites, and then talk about eliminating the British.

What does India look like? Starting from Calcutta, where we spent two weeks, going from the swamps of Bengal to the Himalayas, where you see Mount Everest, all the way up to Darjeeling are tea plantations. Tea is a little bush like a currant bush. Then come down to Benares; that is the holy city; go to the Ganges in the morning. Buddha was pretty cute. He wanted to get those fellows up early in the morning and get them working, and get them clean if he could. So he told them if they got up at the rising sun and dipped in the Ganges three times they would get rid of their sins. You can get a boat and go out before sunrise, and you will see them coming down by tens of thousands just when the sun comes up. They take their dips and then slip around and dry themselves, and off to work. Then you go to Agra; that is where the Taj Mahal is. If you ever go to India, go and see the Taj Mahal; it is man's great masterpiece. There is nothing like it in the world. It is a memorial, built by Emperor Shah Jehan to his deceased wife. After it was finished, the Emperor had the architect's eyes put out, because he did not want it duplicated. That man put something into the symmetry and form of that marble mausoleum that there is nowhere else in the world. When you go down there at night and see those thousands of people going in and out of the Taj Mahal, and never a cloud in the blue, starry sky, there is something again that creeps over you.

From Agra you go to Delhi; that is the capital, where they are spending fifty million dollars on the new buildings. Then you go to Baroda where they have the elephant stables, with the solid gold carriages and the solid silver carriages and their trappings. Then you come to Bombay with eight miles of boulevards, and fine buildings, and you see Canadian companies.

India will evolve socially, economically and politically, but her evolution will never be in keeping with the productivity of the country. So let us leave her to work out her own salvation. She will do it; there might be a few heads cracked in the meantime, but that means nothing in the total picture, and the total working out of any situation like that. Leave Bombay and come over through the Red Sea down to Egypt. Look at the size of Canada with ten million people; look at the size of Egypt; it is nothing but four or five miles on each side of the Nile, but Egypt has six million acres and thirteen million people. We have 16,000 people in the Peace River and 20 million acres of land that beats the Nile Valley. Egypt is very interesting for these reasons: at Cairo you have the Pyramids, at Luxor, the Valley of the Kings, and at Assuan the great dam. If you want to get a picture of the world you have got to hold it off like that and look at it in perspective. At Luxor you can go into the Valley of the Kings and see the way they did things four thousand years ago. Then go over to Carthage and see three thousand years ago. Then go across and see the Parthenon of Socrates' time and slip over to Jerusalem, and then to Pompeii and see two thousand years ago, and then to Europe and see fifteen hundred years ago, and to England and see five or six hundred years ago, and then slip over here and see three hundred. Then you get a perspective of the world that takes some of the conceit out of you. When you walk down into one of those royal tombs—do you want to go down with me? All right. You will go up in a big valley, the Valley of the Kings, and there are forty to sixty dynasties there. Going into that solid wall of the mountain side you bore in about 80 or 100 feet of a tunnel in the solid rock. There was no dynamite in those days. When you get to the end of the tunnel you come to four or five or six rooms about ten by twelve and about eight feet high. The ceilings and walls are painted. You see on the wall the soldier, the sailor, the agriculturist. You see what he was doing. You see the cereals he was growing, the animals he was raising. The colours on it are just as vivid as that. The painting reproduces the life of that day; you see the doctor's instruments, the dentist's instruments, the chariot of the royal mummy himself. When you walk into King Tut's tomb it is like walking into four thousand years ago. If my next incarnation is going to be a long wait like this I had better make the best of this one, because after all life is short, and the effective part of it is still shorter; so if you and I want to make the most of our life, we certainly have got to forget about the one or two hundred whims we have and try to think of the big things of our country, and its potentialities, and the potentialities of ourselves.

Perfection in this world, after all, is making the most of what you have. We are not all the same, we have not all the same potentialities, and the countries of the world have not the same potentialities, so that what is perfection for you might not be perfection for me, might not be attainable to me. We cannot all be like Jesus; He was born to greatness. But if we make the most of what we have and our own environment and our own countries, and if our men in high position, instead of fussing over those little things, will get the big picture, the world picture, and the picture of their own country, why you can evolve in one-tenth of the time it would otherwise take. Luther Burbank was a great man; you could see his long, sensitive fingers in those gardens of his, almost as much a part of the flowers as the flowers themselves. He said: "You see this walnut tree; walnuts are very hard to grow, but I have done with my experiments in one year what, if left to itself, would have taken fifteen years." I say the same thing to our men in public life and to us of the newspaper profession: if we will only figure on the places where we can cut in and short-circuit a lot of non-essentials, we can do in one year what, if left to itself, would take ten or fifteen years to do, and we can do for our country what, if left to itself, would take several years to do. I say, when you go down and look at that four-thousand-year-old picture, it starts you thinking.

Then you go over to Palestine. If you have any religious scruples, keep away from Palestine. (Laughter.) You see the Christian, the Greek, the Catholic, and the Hebrew with their rituals and dogma around the Tomb, and the place of the Nativity, and keeping so far away from the teachings of that simple man, Jesus, that you certainly would never recognize them; for His teachings, when you boil them down, are very simple and easy to understand. His law of human relations—the Golden Rule, Do unto others as you would that they should do unto you—does not require very much ritual or dogma. The laws of life and the laws of God are the laws of nature. If you want to be happy and healthy, tune in on nature's laws instead of the ritual which gets so far away from the real essence of life. It is very simple, so that the teacher or paper of the man in public life who are tuning in their constituents in the simple laws, whether they are economic or physical—they are the men that are getting their countries and their people somewhere, and in Canada the potentialities are so great to work on, that we are really doing something worth while.

I wanted to see the hills of Judæa where the shepherds were feeding their flocks by night. In Palestine you never see a field of grain. There was not enough grass on the whole hills of Judæa to feed a sheep. I thought the Jordan was like the St. Lawrence, but I jumped over it with one jump. (Laughter.) I mention that to show you that, when you get away from a thing and put a long time between you and antiquity, it seems very great.

Come on to Turkey. Turkey has a few things the world wants, tobacco and currants. Their evolution will be all right but slow. Greece: Their money ratio is five to six; they produce five for every six they spend. Come to Italy. You have certainly got to hand it to Mussolini for what he has done for that little country. He has got order out of chaos, and don't you think Mussolini is running Italy with a whip; he is running it with the spirit of Fascism. They like it, but it would be better if he could slip out of the picture and let his spirit carry on his work. In Italy they have something we have not got; they have the art of living, whether it is in the Mussolini Theatre in Rome or in a little street or restaurant. When they eat they get into the spirit of the thing. When we eat, you see a man going over into a corner and eating by himself. When they eat they get together, three or four of them in wholesome fellowship. They have got the spirit of living. Our materialism has run a little ahead of our artistic and cultural enjoyments; but we will catch up.

Spain is Latin and its Latinism is expressed in the churches, but it is a productive country and it will be fine. Rural France is all right. Look at those little countries of Europe you can run over in three or four hours, Belgium and Holland. Germany will come back but she will never be the Germany she was, because the Allies have been very clever and have emasculated agricultural Germany from industrial Germany and what they owned before. They produced about 14 million tons of cereals and roots, and about 14 million head of animals, sheep and hogs and cattle. Those countries of Europe are big in our minds and big in their populations, but they are not very big when they are compared with Canada.

Uncle Sam has something on England; this fellow in Italy has something on England; this fellow in China has something on England. But England has got something on every other country on earth. If you ask me what it is, I could not tell, unless it is that she has got herself in hand better than any other people on earth. She has a sort of world perspective, a world philosophy, and perhaps that makes her get herself in hand. My mother was English; she sang in Westminster choir; my father was Irish. Nevertheless, try to look at England and her problems with your mental yardsticks that you put on other countries; you can see that she will go on, she will keep the position when she wins it economically or industrially. Whether she expresses herself over there, or through you and me here in Canada, that is just the same; she will carry on and work herself out, and before she has exhausted the 24 billions that she has in her pockets, she will get on to the ways of things. (Applause.)

Now we have made our trip, and what do we see? We see the real problem is a problem of population. Which would you rather be, one of ten million shareholders in a big country like Canada, or one of twenty million in Japan, or 400 million in China? What is our trend? Well, the whole trend of Asia's trade has been in and out of the Red Sea and the Mediterranean to Europe. The whole trade of Western Canada was in and out of Montreal and those places. Some of us got it into our heads that we could save the farmers some money by pouring it out on the Pacific. We can put Asia on her feet by swinging that trade away from Europe, just as easily as the grain trade of Western Canada was swung into those natural channels, that is, that portion of it that was. It cost me six cents a word to send a message from India to England; it cost sixty cents here. It cost four cents a word from England to Toronto; it cost forty cents from Japan to Vancouver. You and I and the business men, particularly of Eastern Canada, have got to help our governments break trail across the Pacific and open up those channels, because there lies for us in Asia the business and the trade of twenty Western Canadas. How can we do that? Just by getting the world perspective, and keeping that in mind, by keeping in mind the necessity of communications across there. Where would Canada be to-day without the trade binding east and west? Where will Asia be industrially if we do not tie in on that business? If we in Canada keep our bloodstream pure and keep our herd small, we have the finest human feeding ground in the whole world. I am glad I am a Canadian, after seeing those other countries. (Applause.) I am proud that I live in Canada. Over in Japan I was talking to a chum of mine from the Eastern Townships. I said, "What do you do at nights?" He said, "Oh, I am a radio fan." "But over here," I said, "who do you listen to?" "Oh," he said, "I listen every night to Australia; I get Albert

Hall and Covent Garden, and most nights I get Philadelphia." The world is becoming a small unit; there is a fellow in Japan listening in this very minute on everything that is going on in the world. Keep our herd small and our bloodstream pure, and, as I say, we have the finest country to live in, that there is in the whole world. (Applause.)

The thanks of the Club were tendered to the speaker by HON. N. W. ROWELL.

THE SHUTTLE OF EMPIRE—THE AIRSHIP

ADDRESSES BY MAJOR G. H. SCOTT
BRITAIN'S FOREMOST AIRSHIP EXPERT, WHO COMMANDED THE R-34 ON ITS HISTORIC FLIGHT TO THE U.S.A. IN 1919, AND MR. M. GIBLETT, METEOROLOGIST OF THE R-100, AT THE RECEPTION AND SPECIAL LUNCHEON IN HONOUR OF SQUADRON LEADER R. S. BOOTH, COMMANDER OF THE R-100; WING COMMANDER R. B. COLEMORE, DIRECTOR OF AIRSHIP DEVELOPMENT, BRITISH AIR MINISTRY; MAJOR G. H. SCOTT, AND OTHER OFFICERS OF THE R-100.

6th August, 1930

VICE-PRESIDENT STAPELLS introduced MAJOR SCOTT and MR. GIBLETT, explaining that the other officers named on the announcement card were unavoidably absent. The speakers were received with loud applause on opening and closing their addresses.

MR. M. GIBLETT, Meteorologist of the R-100, spoke as follows: It may be a new idea that Meteorology—the science of the weather—enters very much into such a practical proposition as flying airships from England to the Dominion, and to Canada in particular. However, it was very early realized by Wing Commander Colemore and Major Scott, and right at the beginning of the present programme they were far-sighted enough to induce the British Treasury in 1925 to appoint a special branch of the Air Ministry to play some part in their programme, by providing them with adequate weather information along the routes which they proposed to fly. So we have been collecting data for years and years, both on land and sea, and correlating them, and trying to lay down rules as applying to flying to the Dominions. In conjunction with

Major Scott, who has looked upon our work with a practical eye, we have gathered very practical information about the various routes to India, Australia, etc.

However, that is only one side of the problem. The second side is to have an organization which will provide information as to what weather conditions exist along the route to any Dominion at the time we propose to fly, and what change is likely to take place in the matter of wind and weather during that actual flight. This work very early brought me into contact with the Meteorological Service of Canada; and it is very proper that I should make my first remarks in Toronto, which is headquarters of the Meteorological Service. Sir Frederick Stupart provided us with very useful information relating to weather conditions through the heart of the route which we proposed to take. He was followed by the present Director, Mr. J. Patterson, who provided very excellent methods for actually reporting the weather on the occasion of flying, especially for this particular flight. You will realize what that means when I tell you that Mr. Patterson sent to Montreal a staff of four or five, and established there a meteorological service for saving the data practically of the whole trip, and providing weather charts four times a day, and supplying the commander with information about every kind of weather that may come along. More than that; while we were in flight from England to Canada, we were all the time receiving data from Mr. Patterson, from his office in St. Hubert, and actual observations of the wind and weather existing in his part of the route, and receiving his information on the changes that were going to take place.

You will understand, from the incidents we met in flying, that before we sailed we had weather charts checking the whole route. The first thing was for Major Scott to decide, in consultation with me, which route he proposed to take. Just before we left there was what meteorologists call a depression situated just north-west of Ireland. The result of that was that there were exceedingly strong head winds south of Ireland, but favourable conditions north of Ireland; so we had the phenomenon of our starting north in order to proceed west, so as to get the helpful wind on the north side. We followed that around, and, coming to the north of it, we deliberately allowed ourselves to come south in order to be in a position for the next storm which was coming along. The next storm was located purely from reports from Atlantic liners; and I would stress the assistance we have received from the commanders of the Atlantic liners in contributing any special observations for us when flying. They were ready to do this on a liberal scale, on a properly internationally organized basis. Through meteorological services all round and from these reports of ships, we located another depression coming up from Bermuda, and decided to turn north again. Had the commander not taken that course he might have added half a day or even more to the time we took to Montreal. That is an example of how a wind affects airships.

There is one further example showing how weather service helps us. That is, we carry on board an instrument which determines at any time the height above sea-level. That instrument is subject to correction with every change of temperature as the aircraft proceeds. That change may amount to as much as 2,000 feet, and if you do not apply this correction you may be at a point much lower than you think you are. Flying at night in clouds that are lower than you think they are, you may fly into the sea, and it is probable that some flights may have ended disastrously for not making corrections for those changes.

I will close by taking this opportunity of thanking the Government of Canada for their wonderful co-operation with me in the matter of meteorology, in supplying not only accurate forecasts and weather reports which helped me considerably, but also in providing a service organization and wireless organization which conveyed those regularly to us without delay and without error. (Loud Applause.)

MAJOR G. H. SCOTT then rose and said: I want to thank the Empire Club for this opportunity of speaking upon a subject of very great interest to me, with which I have been associated for many years, that is, the Airship. We in Great Britain have been endeavouring for some time to develop the airship for commercial purposes, that is, for the carriage of passengers and mail; not for any war-time purpose at all, not for bombing or raiding. The airship may have some military value; we don't know and don't care. For us, the airship is for commercial transport, and for bringing the Empire together. (Applause.)

In considering the development of airship routes, we have taken entirely the utilitarian routes, and made meteorological and aerial examination as to where we could find a useful basis for an imperial route; and the whole object is to bring the Empire together. Therefore, on this first visit of a British airship to Canada, I feel quite at home and quite natural, although I quite appreciate the call that I should come here and talk to the Empire Club of Canada. (Applause.)

I find that I am being congratulated a good deal on having carried out this project in the air, being in charge of this airship. These congratulations come in several different ways. Some people say, "It is a wonderful flight; what brave people you are!" Well, they are wrong. There is nothing very wonderful about the flight; it was a perfectly normal flight. It is called a wonderful thing, but we did what everybody will be doing some day. There is no danger in the flight at all. Other people congratulate me on the successful flight. They are right; the flight was successful. (Applause.) I am not talking of the success of having come from Cardington and arrived in Montreal; there is nothing wonderful about that; but it was successful in showing to the Dominion of Canada that we in Great Britain were endeavouring to come closer to you, and to shorten the distance between us; and the British Government, in sending out this airship to Montreal and to Canada, are holding out for you the hand and saying, "Let us get closer together." (Hear, hear and applause.)

I would like you to realize how perfectly normal this flight was. I suppose you would like me to describe it to you. On board there were forty-four men on this flight, all told, including six official observers. Mr. Giblett has told you how information was obtained from the Meteorological Service and from ships coming across the Atlantic. These gave us favourable winds, instead of our having to buffet strong head winds. There was a particular occasion when, by going slightly north of our course, we got into a wind in which for several hours we were making a speed of over 70 knots, whereas if we had been about 200 miles farther south we would have been in quite a strong head wind. The information which we collected, together with our charts and wireless equipment, made our ship amenable to navigation. You have to sit down and study your data, and alter your course as required.

In regard to the question of finding the way about—of actual, pure navigation in an airship—there is no real difficulty at all. There is so much wireless now that it is the same as sailing. We can get all the accuracy that has been gained in the navigation of ships. As an example, take the accuracy of navigation that was called out by Squadron Leader Johnston. When we approached Belle Isle he told us that a light would appear about 5 degrees from the storm tower at such a time. Well, he was five minutes out (Applause) and without altering our course we steered straight in. I tell you that so that you will feel, when you come out in airships in future, quite satisfied that we will take you to your right destination and set you down at the right spot. (Laughter.)

The duties of the crew, and the general running of an airship, are about the same as those of a steamship. This is the first airship in the Aerial Marine Service in which the duties and service of the men are the same as in the ordinary merchant marine. The whole idea of airship development in Great Britain is for commercial purposes. The life on board with us is perfectly normal. In the morning the steward will bring you a cup of tea if you want it. Then you get breakfast—bacon and eggs (Laughter), or a chop, and tea and toast. We can give you a lunch of beef, possibly a vegetable and sweet, with coffee, beer or whiskey. (Laughter.) On this flight at tea we actually fed on cake made by the cook. Of course we have cold supper, and before retiring you can have your glass of whiskey; so that the whole life on board an airship is a perfectly straight, normal life. (Laughter.) I think a passenger who goes up in an airship thinking he is going to get a thrill is greatly disappointed. There is nothing much to see; it is very quiet; there is no excitement or sensation, so that I would advise passengers to take a pack of cards, and two or three books to read. (Laughter.)

This was a commercial flight, and we had no excitement whatever until we got into troublesome weather, and then of course it is not quite so comfortable for the passengers. (Applause.) Talking about the beauty of the trip, anybody who goes up the St. Lawrence by steamship must appreciate its beauty, but going by air it is absolutely wonderful.

The first trouble we experienced was just about thirty miles below Quebec, and then we were pushing the airship so as to get to land before night; and we got a bump from the hills north of the river, and the fabric on one of the fins ripped. This necessitated slowing down in order to attempt the repair of this fin. You will see that a very fine job was carried out by Captain Meager and his coxswain and assistant coxswain and crew. They had to get on inside the fin, which takes a little bit of doing, and a new patch had to be put in its place. Now we have made a thorough repair and put in a new section of 200 square feet. The success of this temporary repair was such that we were able to proceed at a speed of 40 miles, having dropped down from 70.

The next trouble we had was just before we got to Three Rivers. There were thunderstorms all round, and we got into some of those vertical currents which I think are the biggest danger to navigation in the air. I am quite convinced that we can build an airship that will stand up to those currents, and the crew experienced no trouble whatsoever; I don't think the passengers realized that anything unusual was happening. While we were trying to hold her up to those currents we came up from about 1,200 to 2,000 feet, and then came down again very quickly. I do not think there was any real danger on that occasion, and I do not think we will get that experience very often. The airship behaved herself in a very ladylike fashion. (Laughter.) After we went through that squall at Three Rivers there were quite a number of thunderstorms between that and St. Hubert. We came out of them quite well. We stood by till they came, let them pass, and then proceeded on to Montreal.

We passed over Montreal during the night, and would have landed at night—it is quite easy to land an airship in a mooring-tower, and in many cases we have done it. The only reason we did not land in the dark was because it was a new aerodrome none of us had seen. The airship can land at night, and it will probably land during the dark hours, as the conditions for landing are much better at night, without sun, than they are during the day. I explain that because some people may not realize that night landing is possible.

The landing at the mooring-tower at Montreal was grand. Commander Pressey came out from England acquainted with mooring-towers, but this was the first time this tower had been used, and the first time he and the crew had actually landed an airship, and I think they should be congratulated, particularly on the fact that they made a very rapid landing. From the time they dropped the cable till the time they made her secure was twenty-five minutes. In Cardington, England, where they had very much more experience, they have never done it under thirty-five minutes. (Applause.) This tower at St. Hubert is the latest and most up-to-date tower in the world. There is no other equal to it. I have examined it and gone through it, and the equipment is absolutely first-class. I think the way the tower has been built, and the results, are most praiseworthy.

Everybody naturally says, "And what now?" This is only the first run; it is merely a leader, a start. If we stop there, of course, then it appears to be what I said it was not, a "stunt". What are we going to do next? I do not think we can say that airships of the size of the R-100 could run commercially on the Atlantic. We could operate them and get data, but I think they are just on the small side, and not large enough for commercial purposes; but the construction of the R-100 and R-101 is such that we have no difficulty whatever in building for the Atlantic an airship of the size and speed that should be a successful commercial proposition. (Applause.) The R-100 has 5,000,000 cubic feet of gas capacity, which means that it is 730 feet long and 130 feet in diameter. In other words, she is quite as large as the largest steamship that floats to-day. Her high speed is 80 miles an hour. The distance covered in this flight was 3,000 miles; that is the distance between Cardington and St. Hubert, Montreal.

In operating a regular service we feel convinced that we require another tower, probably lower down the St. Lawrence, at which we could land the passengers in an emergency. You see, at this stage it is a little hard for an airship to operate on a radius of 3,000 miles without any intermediate organization or ports. Steamships coming up the St. Lawrence can, in case of emergency, put into Halifax or a number of other places. The object of this emergency tower would be this—that if you are going to operate from England direct to Montreal you would have to carry sufficient fuel to meet the worst emergency you are likely to encounter. That would mean that on many occasions you would land in Montreal with perhaps twelve or fifteen tons of fuel aboard, still left, that you had to carry for the emergency. That would reduce the commercial load by an enormous amount, whereas, if you had an intermediate position somewhere out in the St. Lawrence, you could carry a smaller reserve in case you hit a bad place crossing the Atlantic. I may say that we used more fuel from Belle Isle to Montreal than we did from Cardington to Belle Isle. I think that shows the value of the hint I have given.

The size of the airship that would be required for this

Atlantic service it is very difficult to say; but I think we can build them with from seven million to eight million cubic feet capacity without meeting any difficult problems. The experience of the R-100 and R-101 suggests building an increased size of airship. We have reason to believe that a capacity of 7,000,000 to 7,500,000 cubic feet will be ample for the job it is intended to do.

People ask what will be the schedule time for the passage. After careful examination of our meteorological data on the Atlantic, I think we can say for certain that with a bigger airship the round run would be three days from England to Montreal and two and a half days from Montreal to England. The number of cases where we could not stick to schedule time would be comparatively small, and the delays no larger than delays that occur to steamships and other forms of transport.

Then as to cost; what will you have to pay for a passage? One could make all sorts of guesses, but we really have not got sufficient data on which to definitely say; but I am convinced that the cost will not be excessive. I think it will be such that you can make it a business proposition. I do not quote any figure now, because it would be based on insufficient data.

I have always to be very careful in expressing my own opinion of the future, or as to how the passage is going to be brought about, but I can say that we want your assistance in bringing this about. (Applause.) We shall need a certain amount of national business but, more than that, we want your moral support. We want you to go forth and say, "If the airship will do what we think it will do, we must help;" and also, "I think Canada should insist on the development of these imperial routes and the development of services across the Atlantic." It is a question not only of passengers but of mail, so that people can get a reply to a letter within a week from England. It is hard to appreciate what effect that would have, and I say that we need your assistance and your strong support to help us to put through and get going on this first link in an imperial service.

I want to thank you for having given me this opportunity to meet you as the Empire Club of Canada. (Loud and Continued Applause.)

Honorable G. Howard Ferguson, Premier of Ontario, voiced the thanks of the Club in a witty and patriotic speech.

INDIA

AN ADDRESS BY SIR JOHN SIMON, G.C.S.I., K.C.V.O., O.B.E., K.C., M.P.

18th August, 1930.

SIR JOHN SIMON was introduced by the President, and said: I esteem most highly the opportunity which this great audience of busy men gives me to address them for a short time on some aspects of the Indian problem. I made an appeal in this room two days ago, at a luncheon when I was speaking to the Canadian people, to study this vast, engrossing, fascinating, important question, and if you will forgive me now for taking a few of the salient problems and elementary facts about India, rather than spending time in discussing possible solutions, it is not because I do not realize that your anxiety is as regards the future; but it is because all wise judgment in dealing with so complicated an issue must depend upon an appreciation of the circumstances which will control.

Now, it is quite impossible to compress within the compass of a speech like this an adequate account of any aspect of this Indian problem, and all I am going to try to do is to attempt a short, business-like description of some of its principal features, hoping that those who hear me may reflect upon them and possibly may be disposed to study them more in detail in the voluminous volumes of the Indian Commission Report; and as we are all business people here, trying to avoid the waste of any time, I shall not use any preliminary language but address myself at once to some aspects of my task.

We have to consider a part of the world which differs in every conceivable respect from the world which you Canadians know at first hand and at your own doors. An accumulation, you might almost say a jumble, of populations, races, religions, languages, civilizations, an outlook based on ancient Oriental traditions, and a view of life which is, to a large extent, quite at variance with yours and mine. This Indian outlook is to a large extent the outcome of civilization more ancient than our own. It is deduced from a philosophy which may be more subtle and certainly is difficult for those of other origins always fully to understand. As I have spent my time studying such a question, I have become more and more anxious to try to understand and more and more filled with the determination that no word of mine, no act of mine, no recommendation of mine, shall ever fail to do justice to the splendid traditions attached to the Indian people. (Applause.) But sympathy and understanding, in order to be of value in a matter like this, must not be some vague emotion which readily adopts a formula or repeats a slogan. It has to be based as far as possible on knowledge. And a little corner of that knowledge is what I am going to try to disclose in my remarks today.

First let me tell you how the report—here it is, these two volumes—came to be written. The Government of India Act is an Act of 1919, eleven years ago, and on that the present constitution of British India is built. That Act was based on the Montagu Declaration of policy made during the war, by which every party of responsible statesmen in Britain and in the Empire is bound. That Declaration was a declaration of policy for the increasing association of Indians in every branch of Indian administration, and for the gradual development of self-governing institutions in British India, with a view to the progressive realization of responsible government in British India, as an integral part of the Empire. That was the Montagu Declaration, and the Declaration went on to say that progress could only take place by stages (for we are moving in a world which is very strange to these institutions so familiar to you and to me), that the time and the manner of the advance must be determined by the Imperial Parliament, and that the future action to be taken must depend on the co-operation that was received and on the extent to which confidence could be placed in the sense of responsibility that was developed. That was the substance of the famous Montagu Declaration. The Government of India Act was passed. Very substantial steps were taken towards greater self-government in India.

India at least has this resemblance to the Dominion of Canada, that it has nine major provinces; and in each one of these a legislature, the members of which are for the most part elected by constituencies, has been set up; and in the same way there is a great legislature at the centre of all with two chambers in each of which the majority of the members is elected. And in the provinces an ingenious system of Dyarchy, which was due very largely to the fertile brain of a man most of you know well, Mr. Lionel Curtis, was instituted, so that to-day in all of the great provinces of India there are Indian ministers who are administering subjects responsible to the Indian legislatures, such for example as education, public health, local government, and so forth. A very great step was taken. And when it was taken the Act of Parliament went on to provide that after a certain interval, which was originally to have been ten years, and was afterwards reduced to some six or seven, a commission should be appointed, the names to be voted upon and approved individually by each of the two houses of the Imperial Parliament, which would have the task of reviewing the situation and of making recommendations. And it was my good fortune and grave responsibility to be called upon unanimously by both houses of Parliament to act as the Chairman of that Indian Statutory Commission. (Applause.) Now, to be quite clear what it is we had to do and have tried to do to the very utmost of our power: We had not got to decide; we had to report. We had not got to legislate; we had to recommend. And one of the matters in which I take, I believe, legitimate pride and satisfaction is this—that the Commission of seven members of Parliament, drawn from all the political parties of Britain and from both Houses of Parliament, men whose outlook in our domestic affairs very widely differs—as the result of nearly three years of assiduous labour and inquiry, we are able to present an absolutely unanimous report. (Applause.) We had to say whether and to what extent it was desirable to establish the principle of responsible government, or to extend, modify or restrict it, and for that purpose we had to inquire into the working of the system of government and the course which had been followed—circumstances in which action had been taken during the time since the Government of India Act was passed.

Now, I am here not to propound some solution, not to make criticisms of others, but to help some of my fellow subjects, who are good enough to listen to me for a short time, quickly, and I hope accurately, to get some of the impressions which in course of time forced themselves upon my own mind and observation. You live so far away that you are well to be excused from not having these things always intimately before you. But believe me, my Canadian friends, the time is coming when Canada, entering upon her duty and responsibility in world affairs, will have her own part to play and her duty to do in promoting the progress of mankind, by showing a sympathetic understanding of this vast Indian problem. (Applause.)

Now, the first impression, the overwhelming impression, which you would get if you had my experience, is the size and the complexity of the problem itself. Just take two or three figures. The total area that is involved, nearly all of it densely populated, is an area of very nearly two million square miles. That does not sound as alarming to Canada as it does perhaps to a stay-at-home Briton. But, at any rate, it is more than twenty times the area of Great Britain. But instead of being an area with a limited population, the total population that is involved is one-fifth of the inhabitants of the whole globe—320 millions of people. That, at least, is an astonishing figure for Canadians, and perhaps it is not without gratification you will observe that it is nearly two and a half times the population of the United States. Take a single province or two. There are many people who speak very confidently about India who have never been to Burmah, one of the nine provinces. Why, the Province of Burmah alone is larger than the whole of France, and it has traditions, social customs, a series of interesting Burmese characteristics, which show you what a very varied business it is to make yourself reasonably acquainted with the problems of India as a whole. The Province of Madras is bigger than the whole of Italy. If you were to take from nine major provinces the smallest of them all—the Province of Assam is rather bigger than little England. Take the populations including Assam; every single big province in India, eight out of the nine, has a population bigger than the whole of Canada. Three of them—each of the three has a bigger population than the whole of Great Britain. But it is not limited to areas and populations. You must conceive of India as an accumulation of peoples who have differences amongst themselves far more profound and difficult to reconcile than anything that we have experience of in our modern world. Languages! Well, leaving out all the vernaculars, some 200 or more, there are a dozen or a score of great languages in India, some of them belonging to an entirely different family of speech from the others. Many of them hold sway over vast areas, but so distributed that no man can go about India and be sure of making himself understood in the country-side, in all parts of it, unless he is a very exceptionally accomplished linguist. It is for that very reason that, when a young man becomes a member of the Indian Civil Service, the first thing that happens to him is, he is allotted to a province and it is in that province he carries through his working life, particularly because he acquires the two or three or four tongues necessary for administering the duties of his own area.

But much more important than area and population and language is to get a conception of what ordinary life in India is like. We read the speeches and sometimes receive visitors from India, often most distinguished, eloquent, subtle men and women; but for the most part they come from that Indian intelligentsia which concentrates in the towns of India, the towns where the lawyers are, believe me, in even greater numbers than they are in the City of Toronto. (Laughter.) But though that is all very important, that is not the aspect of India as a whole. India is a land of villages. There are over half a million villages in India, very many of them having no metal road of approach; a little accumulation of mud-walled, straw-thatched dwellings, the temple or the shrine, the village tank, which serves both as water supply and as bath room for most of them; the fields scattered about outside the villages—not the great prairies that you know here and farther West, but almost infinitely subdivided little tenures, because the law, both the Hindu law and the other law that prevails very largely, results in the breaking up into small fractions of a little family property. And here is an amusing thing. When the last census in India was taken they chose a moonlight night, with the happy certainty that they knew before the day came what the weather was going to be, and the enumerators went around and counted up these 320 millions of people. One question that was put on the census paper through the officer was this: "Where were you born?" And in ninety per cent. of the cases the answer was, "I was born here in the district where I am now living." And I think in two-thirds of the remaining cases they were born in the next county, or the next. Now, conceive, therefore, of an immense accumulation of mankind which to a large extent is thus concentrated in village life, more than seventy per cent. of the population directly depending on agriculture, the great landlord, the small tenant, the landless man—that is the heart and the centre of the Indian problem, and it is because I feel so deeply the responsibility that rests upon all of us to understand and sympathize with the difficulties of the Indian problem that I mention that fact to you. There are factories in Indian towns, but to a very large extent they draw the urban worker from the villages, and he goes back to his own home where he and his fathers before him have lived for countless generations. That is the side of India which you do not see, and it is a side of India which is so important that we must never allow it to escape from our grasp. You may ask how far there is anything which you can call a unity which goes by the name of India, because, in effect, in point of size India is like a sub-continent. It is about the size of the whole of Europe if you leave Russia out, and this amazing mixture of languages and religions and races and peoples gives from many points of view the aspect far more of a continent than of a single community. And, unquestionably, there are very great difficulties in the way of getting a sense of unity in India. Only fourteen men out of every one hundred are literate in any language at all. Only two women in every one hundred can read or write any tongue whatever. That is a great obstacle in the way of the development of unity. But there are things which are helping gradually a great deal to bring it about. I have no doubt whatever that the event in modern history which has chiefly contributed toward the unity of India is British administration. (Applause.) You have, spread all over that continent, the tradition of a system of government which is gradually being established, of which we who are Britons may at least say this with pride, that whatever else has been the subject of criticism or obloquy, nobody has ever dared to suggest that the British administration at the head of this important government have not carried out their government purely and without corruption. (Applause.) Both the Indian administrators and the British administrators who are responsible in the different districts maintain that high standard, and one of the great gifts which Britain has given India is that it has made plain to the mass of the people that there is such a thing as even-handed justice and impartial administration so far as human beings can accomplish it. (Applause.) And a second thing which is binding India together undoubtedly is the use, among the educated minority of course, of the English language. Every congress and conference in India, such as you have been having here, is to a large extent conducted in English, because it is the common mode of communication between educated men coming from different parts of that great sub-continent. Even so I think out of the total of 320 millions there are only two and a half millions that are regarded as speaking English. And thirdly, and extremely important, is the development of this great moving force which is called the Indian Nationalist Movement. I do not belittle it in the very least. I sympathize with the aspiration that is behind it with all my heart, but I know, if I was an Indian, I could share the aspiration of the educated Indian minority to see my country steadily advancing in its status in the world and taking its own responsibilities upon its own shoulders. No one is more full of a genuine feeling that that is the ultimate goal for which all honest men should strive than the Chairman of the Indian Statutory Commission. But let us face the difficulties like sensible people. An effort was made to spread the vote, the franchise, as widely as possible. The result up to the present is that only 3 per cent. of the population are electors. If you exclude the women and exclude the children, then of the adult population about 10 per cent. are voters, and though the Commission over which I presided did their very utmost to recommend extensions, when we considered the practical obligations of carrying out elections, the enormously wide-spread prevalence of illiteracy and misunderstanding, we found it quite impossible to recommend more than a comparatively moderate advance at this time.

And now comes another aspect of it, which really itself is so foreign to our own experience that it is difficult to convey in a few sentences the gravity of the matter. You have in India communities of differing races and religions whose mutual antagonisms far exceed anything of which we have any sort of experience. No man who comes to Canada or knows anything about the history of the province of Quebec can fail to be hopeful that by wise, just, and honest, sympathetic development you may bring about a reconciliation and goodwill between people of different origins and languages. But the French-speaking and the English-speaking Canadians come from a common stock. They acknowledge the fundamentals of a common religion. They are the two examples of a common civilization, and if just administration and fair arrangements can be made there is no reason whatever why they should not live as they do live in amity together. But the problem the Indian statesman has to face is altogether different. There are 216 millions of Hindus; there are 70 millions of Mohammedans, in addition to Sikhs, Indian Christians, and all sorts of other people.

Consider the contrast. You have not got this Mohammedan minority concentrated in one place, as the Orangemen are concentrated in Ulster, so far as Ireland is concerned. The Mohammedans are spread over every part of India. In no single province are they unimportant. In two provinces they form an actual majority of the population, though not of the voters, and everywhere you find this gathering together of the two races side by side. And the result is exceedingly difficult for the administrators and very difficult, indeed, to weave into a system of representative self-government for India. The Mohammedan, a monotheist, an iconoclast, a man supremely proud of the martial traditions of his race, representing the ancient conquerors of India; the Hindu, far more numerous, deeply devoted to his own system of society and religion, far cleverer and more subtle, holding a very large proportion of the high posts, contributing as much to the intellectual subtlety of the world as any race of people that ever lived. The rivalry and dissension between these two forces has proved to be one of the chief stumbling blocks in the way of smoother and more rapid progress. The devout Hindu, as you no doubt are aware, reveres the cow and regards it as an object of very special protection. He would not willingly take any part, in any circumstance, in depriving that sacred animal of life. On the other hand in the same village or the same town there are Mohammedans who, at a certain season of the year, desire to make ceremonial sacrifice of a cow in accordance with the rites of their religion. The Hindu marriage festival as I have seen it more than once in that marvellous country, conducted amidst the rejoicing of the friends of the parties, with Hindu music playing at the head of the procession, may be passing by a Mohammedan mosque at the moment of solemn silence, and very naturally both parties very deeply resent being interfered with; and it is the literal fact—and I care not who denies it; it cannot be successfully challenged—that in that situation it has been found that the intervention and the assistance of some neutral authority, something that is neither Hindu nor Mohammedan, the head of the police, whether he be English or Indian Christian, is at any rate not regarded as associated by religion or race with either side; there can be no question at all that when this trouble arises, both sides do not but regard the intervention of a neutral as a very admirable way out of their troubles. Therefore, you have got to consider as a practical matter what is going to be the future of a country which presents a complicated issue of that sort.

Take another thing. You speak of Hindus, 200 millions of them and more; but you must understand them to be what they are, subdivided into some 2,300 castes, from the Brahmin at the top, with his monopoly of the priestly office and his ancient claim to have the principal possession of knowledge, to the lowest and most degraded and depressed or "untouchable" at the bottom. And this caste system is the very foundation of Hindu social life. Every Hindu necessarily belongs to the caste of his parents. Nothing that can happen to him through life will ever take him out of it. He inevitably remains with it. A strong tradition of his ancient society requires him to marry within it. A caste may be occupational so that all the members of it are engaged in some particular job in life. It may have some of the functions of a guild, which has the very excellent result that every member regards every other member as his caste fellow, which to a large extent dispenses with the need of a poor law. But on the other hand, the barrier which brings together the members of one particular caste separates them from every other, with the result that when you try to assist, as we all are trying to assist, the development of representative and self-governing institutions in India, you have to face the complications as they are and not deal with it light-heartedly by omitting them from your thoughts or speech.

The position which the Brahmin holds in this immense structure is one of the most surprising things in the history of the human race. There are only about seven million Brahmin males, and the extent to which in some parts of India this most remarkable people, the inheritors of ancient traditions of learning and authority, exercise a sway and hold high positions which they have earned by their intellectual ability is one of the most astonishing features of Indian life. So much so, to give you one example, that in the great province of Madras, when the Montagu report was put into operation, it was thought necessary to protect the other Hindu castes from the monopoly which the Brahmins might otherwise secure, and so they actually enacted that 28 seats in the Madras legislature must be filled by Hindu members who were not Brahmins. And what do you suppose was the proportion of Brahmins to the Hindu population in Madras, this large, overwhelming, dangerous force? The Brahmins in the province of Madras are about four per cent. of the total Hindu population of that province.

Now, these things are slowly breaking down. There are many advanced and thoughtful minds in India trying to help and they have the respect and goodwill of all who see its bad qualities; but it is a most ancient social tradition going back thousands upon thousands of years, depending doubtless on much that is sacred and much that is honourable, very difficult to fit in at short notice in a system of full self-governing responsibilities. And below that again come at the very bottom of the scale the depressed classes, or the "untouchables". I would like to explain what that means. Something like one-fifth of the total population of India, something like 30 per cent. of the Hindu population, are people who are classed as depressed classes. At the very bottom of the Hindu scale in some parts of the country, they at least suffer very grave social disabilities. Again and again, if you go into a village, you will find that the depressed classes are living in a little separate hamlet. They are required to draw their water from a separate source. Very often their children are not admitted to the ordinary school and, while very honourable efforts are being made by some Indian reformers to improve this system, you are faced as well with this fact—that this immense mass of miserable, landless, hopeless people are bound up in a social system which is slowly changing and changing with the help of the most progressive Indian thought, but which cannot possibly be transformed into the sort of community we know without the passage of time and the influence of public opinion.

Now, that is a little sketch of the kind of situation which has to be dealt with. But there are two things to add. I have merely been speaking of British India. Scattered all over India, occupying one-third of its total territory, are nothing less than 560 Indian States which are not British territory at all, some of them of the dimensions of a European country, ruled over by men of the greatest culture and standing; some of them are smaller states, some of them petty chieftaincies of just a few acres. But these States have their arrangements made long ago with the British Crown by which the Crown is responsible for their external relations, is bound to be answerable for their defence, and you can see at once what a very great obligation the Indian States create in endeavouring to work out a scheme for the further rapid advancement of Indian self-government. And there remains one other thing which I will mention in three or four sentences. It is the problem of Indian defence and of the Indian Army. The army in India consists at present of about 60,000 British troops and about 150,000 Indian troops. The Indian troops which compose what is called, strictly speaking, the Indian Army are, to a large extent, officered by British officers; but the rank and file and the non-commissioned officers and some of the junior officers are Indians, and in time it is hoped that the King's Commission may be held in the higher ranks by the Indians, for in parts of India, but not in all, you will find some of the very best fighting material which you, who were in the Canadian forces, may have come across in the fields of war during the last few years. I pay all possible tribute to the martial character and fine spirit of these people, though they are drawn to a very large extent only from certain parts of India. But the difficulty that is involved in providing for the needs of India on the side of defence and of internal security are something which up to the present, experience has shown, can only be met by a combined force of this kind. You are reading in your papers to-day telegrams from Peshawar on the Afghan frontier. I have been there more than once and have lived there under, at any rate, some of the conditions which may be strange to you. The Northwest Frontier of India is the one serious line frontier of the British Empire which presents an absolute first-class military problem. Here you have between you and your great neighbours 3,000 miles without a fort or a gun. War between you two is unthinkable. Australia, New Zealand, are islands, vast island Dominions far away from any military invader. South Africa has got its own special protection owing to its circumstances. But here on the Northwest Frontier of India, through all the ages, have poured invaders from the north and west, and there are found there to-day wild men, brave men, fanatical men, with I know not what influences at work behind them. That, as you can see from our news only of this week, constantly leads to quite a serious situation in the Northwest Frontier. Anything more unlike the plains of India than the Khyber Pass has never been seen. It is a far more surprising contrast than the contrast, surprising as it is, between the Rocky Mountains and the plain land that I know well in some parts of this province. And therefore you have here another tremendous problem for statesmanship, which we have all got to study and consider in order to help to find the way by which, step by step, we may hope to bring this vast mixed Indian population (which itself has no inheritance which makes it easy), to work self-governing and representative institutions; may help it to take its proper part, as it will and must take it in time, in the government and administration of its own people.

Now, Gentlemen, I have occupied my time, some of you may think, with very elementary things, but, believe me, it is astonishing what a lot of speeches I read and what a lot of observations I hear which show that these elementary things are not always borne in mind; and when you and I try to consider now how the future development of the Indian situation may be best secured, be at least assured of this (I am confident of it, and I do not believe that anybody who will study the two volumes of this report will doubt it)—all who know India as a whole will be bound to agree that the future situation of India cannot be a mere imitation at second hand of a system prevailing in different circumstances elsewhere. It might conceivably take many forms of imitation, but what exists elsewhere, I am quite sure, is not the form it can take. It must take a form which is suited both to the immensity and to the variety of India. It must take a form which is shaped by providing for the needs and circumstances of her many peoples. As I read from the studyings of the last twenty or thirty years of the constitutions of our Empire; as I think, that is the real lesson to be learned from the analogy of a Dominion such as your own. Each of the great self-governing Dominions of the Crown has grown to be what it is by going through a process of development which at each stage was adjusted to its own needs, and in every case the ultimate form of government that has emerged is not something that has been conferred upon it or enacted by force of law, but is something which grows out of the character of the peoples concerned. In many cases, as in your own, it has been evolved by degrees as the ultimate coming together of smaller units into a greater, federated whole; and as you know the unanimous view of the Indian Commission is that it is along that line that India will find her constitutional development proceed. As a rule, the constitutions of the British Empire do not lay down a whole series of little detailed rules about one hundred and one things. They rely upon the spirit and character of the institution to fill in the gap. (Applause.) And these things come about, not because an Act of Parliament says so, but because, in the life of a growing organism, the stage is reached when it is found that it is the best way in which to express in a given case the responsibilities of citizenship.

I am most profoundly convinced that it is by approaching this vast Indian problem in that sane and sympathetic spirit, and not by repeating some arid formula without considering the real nature of the problem, that the solution is going to be found. Now, the responsibility of Britain in this matter is beyond all denying. History and the facts have made it so. I would venture to repeat to you some words which I used when I was first appointed chairman of this Commission three years ago and which have since been repeated in the House of Commons by the Prime Minister of the day. I said this: "The British Parliament has a tremendous responsibility to the peoples of India. It is a responsibility which cannot be denied and cannot be evaded. For it is rooted in history and in the facts of the world of to-day. If, therefore, the future of India is to be one of peaceful progress as all men of goodwill both in India and in Britain intensely desire, it can only come about by the action of the British Parliament combined with the co-operation of India itself. Both are provided for in the scheme of investigation and consultation of which the work of the Commission is the first stage." The Commission did not go to India with any idea of imposing Western ideas or constitutional forms from without. We went to listen, to learn, to study varying proposals on the spot and from within. And when the Commission has reported, then the scheme provides for that full and final consolidation which is the essential condition upon which all depends before reaching the decision.

I repeat that here to-day, but I add this. My Canadian friends, and the younger men amongst you most of all, realize that this is not merely an Indian question; it is not a question with which Britain is especially in an isolated sense concerned; it is not perhaps in the true view a question in which the Empire as such is concerned. It is the great international question of the world. If we can help by a proper spirit of understanding and sympathy these people who have their high aspirations which we all respect; if we can help them along the road; if we can bring in our practical experience, our constructive ability, our own knowledge of the way in which our own interests are developed to help a people who have not inherited those traditions, then I believe we shall have done a finer thing than was ever done in the history of the contact between the modern world and this ancient and mysterious east. If we do not, I tremble to think what the future history of the globe may be. But if we exhibit the right spirit of comprehension and understanding, not raising obstacles for the sake of blocking progress, but pointing out dangers and charting difficulties for the purpose of helping the Indians themselves to steer around them, then it may be that you here in Canada, like ourselves in Britain, will have made a contribution to the future peace of the world which generations yet unborn will look back to with gratitude and content. (Loud applause.)

EMPIRE TRADE

An Address by T. B. MACAULAY, LL.D., President and Managing Director of the Sun Life Assurance Company of Canada.

2nd October, 1930

Vice-President Stapells introduced the speaker, who was received with loud applause, and said: It is indeed a very great pleasure for me to have the privilege of addressing this Club, and to meet such a splendid gathering is particularly gratifying. I think it is appropriate that I should speak to you on a subject which is to-day of the widest Empire importance—trade co-operation within the Empire—a subject which is in all our thoughts at this moment, and on the satisfactory solution of which depends the maximum of prosperity of every part of the Empire.

I propose to speak only from the dollar standpoint. We are all proud of our Empire; we are never tired of telling that it comprises nearly one-fourth of the land surface of the globe; that it stretches from the Arctic Ocean to the Equator, and then south again; that the sun never sets on the King's Dominions. That is all true. The resources of this vast area are enormous, and extraordinarily diversified; in agriculture, fishing, mining, forestry we have resources probably greater than those of any other nation of the whole world, even including the United States. (A Voice—"Right.") We have a right to be proud of our Empire's resources; but let me ask the question, are we equally proud of the way in which we have developed them? Are we satisfied? Why are the resources of the Empire so largely undeveloped? What every part of the Empire needs for its maximum ideal development is a market; and in these days tariff barriers and preferential markets for all its surplus products.

Let us contrast our position with that of the United States. There they are developing their resources as an economic unit, and in consequence they are wealthy, prosperous, progressive and enthusiastic. As a contrast, all the Empire is divided into more than thirty sections, and each section has a tariff not merely against the rest of the world, but against the other parts of the Empire; that is the position in which we find ourselves. The Mother Country, even with regard to most matters, adheres to the policy of free trade, allowing other countries to reserve their markets for themselves, but to ship their surplus manufactures into Britain, and take away from Britain to foreign countries the employment which the people of Britain need.

It is true that we in Canada think rather differently, and have adopted the policy of preserving our own markets for our own people; but I would like to point out that, even so, we are thinking only sectionally and not nationally. The people of the United States, as a rule, think nationally, as a unit, whereas we of the Empire are chiefly thinking sectionally; and that applies to us in Canada. Let us ask ourselves what the position would be if the people of the United States should act as those of the British Empire are doing. Suppose that New York and the New England States had a tariff barrier against the rest of the country; that the central and southern States had similar barriers; that the Pacific Coast had yet another tariff barrier against everything coming from east of the Rocky Mountains; would the people of the United States be as populous, as prosperous, or in as good position in any way whatever as they are now? And yet, gentlemen, that is the very position that we of the Empire are in; we are divided up in just that way. It seems to me that the time has certainly come for us to think in terms not of Canada alone, or of any one section alone, but in terms of the Empire as a whole and of its trade possibilities as a whole. (Hear, hear.) We should do this for our own pockets, if for no other reason.

It is quite true that it is very easy for the people of the United States to think as a unit, because their land is continuous from the Atlantic on the east to the Pacific on the west. It is the division by sea that makes barriers, at least sectional thinking, and they have no such division; there is no point where a line can be drawn. As it is, all their people blend right into one another, and naturally they must think as a unit. Suppose that from the Mississippi River right through to the Rocky Mountains there was sea instead of land, then we would have a position somewhat similar to that of the Empire. Does anyone believe that the people of the eastern half of the United States or those of the Pacific Coast would have their position improved if they had tariff barriers each against the other? The question only needs to be asked.

I would be the very last to argue that distances do not create difficulties, for they most certainly do; but distances also create advantages by diversity of products. As an illustration, take the case of the British West Indies. That market is worth far more to us than would be a market of a similar quality of people in the northern part of this continent, where they would be producing the same kind of goods that we produce. They would be competing with us, whereas by being in the tropics they are complementary to us. They produce what we require, and we produce what they require; we do not compete, but are complementary. Each can give the market to the other, and each can make the other more prosperous. So when we talk of distances, let us not forget that they create advantages as well as difficulties.

The United States gives us not only an illustration of unity in thinking, but an example of what can be done by co-operation, even with the tropics. Between Porto Rico and the United States there is absolutely no tariff on either side, any more than there is between the states of Maine and Florida. In Porto Rico the tariff, exactly similar to that of the United States, is levied against imports from any other part of the world.

What has been the result? In twenty-four years the gross exports from Porto Rico increased nine and one-half times, and the imports into Porto Rico increased eight and one-half times; and of these imports ninety-two per cent. came from the United States, which has done her full share, and has succeeded in making Porto Rico prosperous, while the latter, in turn, has done her full share in making the United States prosperous. That is a case of ideal co-operation (Applause) because, in a case like that, the increased prosperity of one party enlarges its purchasing power, and thus enhances the value of the market to each party, and makes the other more prosperous.

It seems to me that we ought to be able to take a leaf out of the book of our American friends. I wonder if we all read that remarkable statement made a short time ago by James W. Gerard, former United States Ambassador to Germany. He gave the names of fifty-nine men who, in his judgment, were very largely responsible for the industrial and financial development of the United States; and he made the remark that, if those fifty-nine men could be put in charge of the industrial development of the British Empire, they could in ten years make that Empire so prosperous that no other country in the world would be able to compare with its citizens in wealth per capita. (Applause.) He went on to say that he had been over in Britain, and that protection, and nothing but protection, would be the salvation of Britain. He added that even those men he named could not make the British Empire the financial giant which the United States now is, unless some such scheme of Empire co-operation as that proposed by Lord Beaverbrook were put into operation. (Applause.)

I returned a short time ago from the Old Country, and I can tell you that what Mr. Gerard has said is quite right as to conditions over there not being what they should be. On the other hand, I noticed a great change in public opinion. Lord Beaverbrook, with his campaign for Empire Free Trade, as he calls it, has really worked wonders. He has caught the imagination of the people of Great Britain in a way which we in this country little realize.

Whether the present Government is prepared to adopt it now or not, I and others who have been over there got the impression that the people are certainly turning to protection. The people by a large majority are ready to have a tariff on manufacturing, and I think there is a possibility, for the first time, of a tax even on foodstuffs coming from foreign countries. That is being looked upon as a possibility. I do not say that that is as popular as a tax on manufactures, but it is possible if corresponding conditions can be obtained from other parts of the Empire.

Now, when we talk about Empire Free Trade, I think I am right in saying that very few of us older people think that absolute free trade between all parts of the Empire is at present a practicable thing. Personally, I do not. But on the other hand I think there are very few of us now who do not believe that we should go a great deal further than we are at present doing in the way of trade co-operation with the rest of the Empire. (Hear, hear, and applause.) How far we can go I do not know, but I am convinced that we will be able ultimately to go a very great deal further than perhaps any of us at present think is practicable. We have to go step by step, just as we did in the case of the West Indies.

We are getting on very well towards absolute free trade with the West Indies, but we could not have done that the first time; we had to do it step by step. It is not possible for any one of us to compass this matter in one stride, but step by step we can do it, and the method for us is to take the first step in the way of trade expansion. We have made a certain number of steps in the matter of Imperial preferences and I rejoice at these, but the time has now come when I think we can take a very drastic step, and I hope it will be a long one, in that direction, because the present Imperial Conference is going to be one that will have much to do in the way of making the future of the British Empire. (Hear, hear.)

Now, let us consider for a moment what would be the advantages to Canada of trade co-operation in that large measure. I will not say anything for the moment about the advantages to our manufacturers, our lumbermen, or miners; but think for a moment of the advantages to our food producers. Do you realize that Great Britain imports $5,000 worth of food stuffs for every minute of every twenty-four hours of every day of the entire year? Now, what would a substantial preference in such a market as that be worth to our people? Those figures give one a little vision of what is possible.

I would point out that even that is only a beginning, because we have conveniently the tropical parts of the Empire as well. The West Indies and West and South Africa could be made prosperous by our giving them a preferential market for their products in Britain and Canada, and in return having a preferential market with them, not merely for our manufactures but in particular for our Northern foodstuffs. Those markets in Britain and in the tropical parts of the Empire have a value almost without conception. Now, do we want that market? I think the people of Great Britain are more ready than ever before in their history to consider these things.

But I would point out that if we want that market we must give concessions of equal value in return. (Applause.) No one-sided arrangement is possible, and even if possible it is not desirable. If we must get, we must give. Any arrangement arrived at must be for the benefit of all parties, (Hear, hear) and it is for us to say just what arrangements we can have. The object of real co-operation is to make every part and every section of every part of the Empire more prosperous.

I would like to emphasize this point—that the way to prosperity does not lie along the line of beginning to injure our own manufacturers. We must face the difficulty. That means that in our negotiations we are not going to lower the tariff between Britain and Canada to an extent that will seriously cripple or injure our Canadian manufacturers. That is not the right thing, and is not to be thought of; yet even in regard to that we must begin to think nationally instead of sectionally. We must remember that an inter-imperial tariff between Great Britain and

Canada will work in two ways, not merely in one. When the time comes that Great Britain will have a substantial tariff of her own against the rest of the world, then the tariff between Great Britain and Canada will not merely handicap British manufacturers in Canada and work to keep British goods out of Canada, but do not forget, gentlemen, that it will also work in the way of keeping Canadian maufactures and Canadian goods out of that protected market in Britain.

Now, our manufacturers are not yet ready to see the tariff reduced to any extent that will cripple them, even in regard to this inter-imperial tariff between them and Britain; and until they are ready I do not think we should do it. But I look forward to the time, if we get a real tariff in Britain and a real preference, when our own Canadian manufacturers will themselves ask that the tariff be lowered. They will look longingly across that barrier to that old market in Britain, and they will be made to realize that they have just as much experience and energy and just as much good machinery as other people, and they will want to get into that market, and they will desire that tariff lowered. But until that time comes, let the tariff stay at a point where they are satisfied it will not injure them. That is another case where we must go step by step. The first step may not be as long as we would like, but it is in the right direction, and is a beginning. Our subject must be not to transfer any of our Canadian manufacturing to Britain, or any British manufacturing to Canada, but the production, in Britain and Canada, and all other parts of the Empire, of the tremendous list of goods, including foodstuffs, that are now imported from outside the Empire. It is not a case as between Canada and Britain; it is Canada and Britain combined, and so arranging that inside of the Empire we can produce as large a proportion as possible of these things.

That is a question of preference. It is not necessary that we should abolish the inter-imperial tariff between Canada and Britain in order to give a preference that will be effective. What we want is a substantial preference, sufficiently high to be effective, so as to enable our own Canadian, British and other Empire manufacturers and producers to produce everything that can profitably be produced within the Empire, and which at present is being imported from outside. Then, prosperity will come to every part, and thus the real time of Empire unity and Empire prosperity will have begun. (Applause.)

That preference can be given quite as well by increasing the general tariff against outsiders as by lowering the inter-imperial tariff. The point is, it is a preference which producers within the Empire will have against the rest of the world; that is the decisive thing; then the inter-imperial tariff will gradually reduce. I have a vision of a time when between Great Britain and Canada, or between any part of the Empire and the West Indies, for instance, or any other part of the tropics, we can have absolute free trade; and between Canada and Britain I would hope that the inter-imperial tariff might be cut down to, say, one-fourth of our present recently-increased status, with several concessions made on specific articles on each side. If we had that we would have a beginning of co-operation to develop the Empire and bring prosperity.

This idea of full trade co-operation between the different parts of the Empire should commend itself even to free traders. It must be obvious to everybody by this time that world-wide free trade is an impracticable and impossible dream, never so much so as at this moment, when the whole tendency is toward higher tariffs. But while that is impossible, if we can establish co-operation among people comprising about one-third of the entire population of the world we can have conditions about as nearly approaching free trade as is at present practicable. (Applause.) Even free-traders should realize that such Empire co-operation comes nearer to their ideals than anything else that is practicable.

When we once make the firm of John Bull & Sons a commercial partnership from which every one of the partners will draw prosperity, we will have solved not merely the financial problems of the Empire, but we will have gone a very long way to solve all Empire problems, for we will have the desire and the will to do so. (Applause.)

There is a tide in the affairs of men which, taken at the flood, leads on to fortune, but which. if neglected, all life's after-days are spent in shallows and shadows—I am not certain that I have the exact language, but that is the substance. (Laughter and applause.) That tide in the affairs of our Empire is nearing its flood now—not quite at the flood, but getting near it—and we will have to decide whether we will take it at the flood and let it lead us on to almost unbelievable prosperity, to unity and greatness as an Empire such as we at present cannot realize, or whether we will let it pass by, thinking sectionally rather than in the broader way, with the rest of the years of our national life to be spent in shallows and shadows. (Loud applause.)

The Chairman voiced the thanks of the meeting for the interesting and inspiring address.

CANADA'S WIDENING HORIZON

An Address by COLONEL J. H. WOODS,
President, Canadian Chamber of Commerce,
before a joint meeting of
Empire Club of Canada, Canadian Club
and Toronto Board of Trade.

9th October, 1930.

Mr. Frank A. Rolph, President of the Canadian Club, introduced the speaker, who said: It would be needless for me to say how deeply I thank you all for the kindness of your greeting. Equally needless would it be for me to express my pride in the character of this gathering where, under the auspices of the Toronto Board of Trade, two such great organizations as the Canadian Club and the Empire Club have joined in doing honour to the Canadian Chamber of Commerce as humbly represented by myself. It is but natural that I should feel embarrassed by so great a reception, but I confess that I always feel a sense of confidence in coming before my friends of Toronto. It is now more than twenty years since I left this city to take up my life in Alberta, and through all those years I have come back to undiminished friendships and to a warmth of generous welcome that has kept my heart warm in response. Surely few cities could retain in greater measure the affection of those who go out from her to help in the building of our country, and so I thank Toronto and I want to say how glad I am to be back once more in my former home. (Applause.)

My duty to-day is two-fold. This particular occasion was designated as the one upon which I should speak as President of the Canadian Chamber of Commerce concerning whatever subject a president should speak about, of which I am not very sure. The wider character of the occasion, however, has required a broader theme, and therefore I will try to say something to you not only about the Canadian Chamber of Commerce but about the widening horizon of our country.

You have either attended or read reports of the sessions of the Canadian Chamber of Commerce that have been held in this beautiful hotel during the last three days, and I hope you have been impressed by the scope of its vision in surveying Canadian business and by the sympathy it has sought to show toward the varied aspirations of the Canadian people. Our Chamber is only four years old, but in that time it has extended its influence throughout every part of Canada, has enlisted the membership of more than 200 boards of trade, has attracted the sympathy and support of the great business interests of Canada and has, above all, secured the confidence and the co-operation of those who are leaders in the agricultural life of the country.

The Canadian Chamber of Commerce has linked agriculture and industry in a bond of union for the good of Canada, and if it had done nothing else in the course of these four years, that alone would have justified its existence. And as the Canadian Chamber of Commerce has cemented the confidence of the various sections of our commercial life, so it has attained to the confidence of our Government, who recognize in it an impartial and intelligent mouthpiece of the business of the country, and who thus take from it with respect and cordiality such views as it may express upon the great commercial problems that face our Dominion. With the recent federal administration our Chamber had the most cordial relationships, and from the present federal administration it has received assurances of co-operation and support of the fullest character. In various provinces our Association has been of assistance to the Government in the framing of provincial legislation, and in all these cases it has been recognized that our Chamber is working without party bias or political affiliations for the common good of all Canadians. On this high ground I commend it to you all as an organization that is doing a vast and useful work in the life of our country and is worthy of your utmost support. (Applause.)

I realize that, in speaking to you as President of this great body on the commercial affairs of our country, I am addressing many men who are better informed than I am myself, and whose judgment on these matters in one direction or another is much more valuable than mine. Yet there are certain things that all of us know if we will think deeply about them, and thus, as an ordinary citizen, without technical knowledge concerning the varied interests of Canada, I speak with confidence as to the general situation within the Dominion.

The agenda of our present meeting is of itself an indication of the ever widening horizon that faces us in our business lives. The channels of Canadian commerce were small and narrow not so many years ago. To-day they have become broad and deep, so that even the vision of our fathers is exceeded by the realities of the present. We have been passing through a hard season, but the dawn is here. We are like those who have been walking through a tunnel with the bright sunshine showing at the end of it. The spirit of our people has not faltered and does not falter in the face of troubles that have been somewhat intense, and the recovery of our people will be more rapid and more thorough than that of any other nation that I know of. We do not discuss the channels of our commerce as our fathers did. We look around us to the broadening opportunities within our own country, and we realize that through the building of varied industries, through the growth of a solid and increasing home market, we are establishing a firm basis for our continued expansion into the great export markets of the world. In this work the Canadian Chamber of Commerce is taking a leading part among the institutions of our country, and is receiving the whole-hearted support which bodes well for the success of its somewhat ambitious efforts. We have realized the importance of the Pacific Ocean in the future economy of Canada, and we are realizing as never before that great people of Japan whose commerce is expanding so rapidly, whose interests are becoming so important to us, and so we are sending a mission to Japan. Forty of us, including both ladies and gentlemen, will sail from Vancouver on the 16th of this month under the leadership of my friend John M. Imrie of Edmonton, our National Councillor for Alberta. The Government of Japan and our Canadian Ministry there are taking every means to make our party welcome and to facilitate its object, and we believe that through the medium of this journey much will be done to cement our relationships with trans-Pacific countries and to lay the foundations for a broad and important Canadian trade.

And we are going to South America with the same object in view. The Canadian Chamber of Commerce will send a delegation to the British Empire Exhibition in Buenos Aires next February, and for this purpose every possible assistance is being given by the Canadian National Railways, by the Canadian Government, by the Canadian Manufacturers' Association, who are sponsoring this journey jointly with us.

Are not these expanding horizons? How long since we Canadians could organize and carry out these important projects, these important missions of friendship and commerce to the great nations of the world? Truly, the sun is rising for our country.

There are difficulties and will be. We, for instance, are not the only people who have been shocked by the new conditions that face the marketing of food products, and as the months go by we realize ever more completely that our troubles in this respect were not due to local conditions or to local mistakes, but that they have been and are part of a world change which will involve, in some measure at least, a reconstruction of the world's basic industry, namely, the production of food from mother earth.

And in this regard I do not hesitate to speak to you about the pool system of marketing. I have no brief for the pool, nor any excuse or explanation to offer for any errors that it may or may not have made. Concerning these I am not sufficiently expert to be a judge, but it is my firm conviction that the Wheat Pool is the greatest stabilizer of the morale of the farmers of the west that exists to-day. To it in great measure these farmers have pinned their confidence and their pride as masters of their own commercial destiny and, in my belief, the destruction of that confidence, the lowering of that pride, the psychological results that would inevitably follow upon an abandonment or even a partial abandonment of the system that they themselves have created, would be an injury almost beyond calculation. My information from home is that the membership of the Wheat Pool has never been more loyal to it than to-day, in these conditions of strain. Bootlegging of wheat there always has been, is and will be, but none to-day more than in the days of high prices and easy markets. Mistakes have doubtless been made. Whoever heard of so vast an enterprise being erected and conducted without mistakes, or so wide an experiment established without the admission of error? Pardon these references to what might be considered a controversial subject; but my appeal is psychological rather than material. We are too apt to criticize one another to the extent of condemnation for errors that are no greater than we commit ourselves. And therefore I urge that we extend in greater measure charity of thought and tolerance of judgment to one another in all branches of our commercial and financial lives, and look forward to the future that lies before us rather than turn our faces to the troubles that lie behind.

I bring you from the West, yes, may I say that I bring you from the Canadian Chamber of Commerce a message of undiminished faith in the integrity and future of our country, and undimmed confidence that if we will but raise up our eyes unto the hills instead of looking into the valleys of doubt and despondency, we will see the true picture of what the future is for Canada. (Hear, hear.)

The present outlook for Canada is not based upon accident or upon any transient condition. It is the inevitable result of a history which had its roots in the courageous years of the Elizabethan era, which has passed through the fires of discord and rebellion, which has shown resistance against pressure from without and foes from within; a history which has built up a great civilization from a wilderness, which has opened the secrets of nature to mankind, which has unrolled the map of half a continent and laid its treasures open to the uses of humanity —a history which has shown a marvellous development during three centuries and which is only now unfolding toward its perfect flower.

It is interesting to recall that by the end of the 16th century, before the first settlement of white people on the eastern coast of America, the English flag had been proudly carried into all the seas of the world, and it is our pride to know that both by virtue of the early settlement of Virginia and through the gay bravery of the French upon the St. Lawrence and of the British who built the early structure of Acadia, we, both on the Canadian and American sides, were a part of this great adventure, by which the world was rejuvenated and new lifeblood carried through its veins. We have, indeed, many records of which we may be proud: the creation of responsible government with its first Canadian foundation at Annapolis Royal; the achievement of religious liberty among the different branches of our population; the development of constitutional administration under the British flag, won by Canada in travail and even in blood, and now the very basis upon which our Empire has been built and will survive; the inspiration of the United Empire Loyalists, whose influence is almost as fresh to-day as when they brought into the woods of Ontario and New Brunswick the axes with which they hewed out their homes. The deep religious fervour and passion for liberty of French Canada, the courage of finance that built our canals and our first great railway systems, the fortitude of the settlers who followed the plow across our Western plains and even to the Pacific Ocean—these are the attributes upon which our Dominion has been erected, and but for them there would be no outlook for Canada such as, in the goodness of God, she possesses this day.

And of what does this outlook consist and wherein has it changed from the days of yesterday? It consists in part of our ever growing intimacy with one another, of the mutual knowledge and sympathy that we possess concerning one another's aspirations and one another's needs; and it differs from yesterday in the breadth of vision we have attained, by which we survey with calmness and in speculation those other portions of the world with which we are coming into ever-increasing contact. To-day we have in progress in London an Imperial Conference, where nation is speaking to nation in freedom and sincerity, and where the very freedom that inspires the utterances forms the closest bond of Empire. Let us not fear for Canada in this great Conference, nor let us fear for any part of the Empire in so far as its fealty and good faith are concerned. We have learned to know our Mother Country as was impossible even ten years ago. Her difficulties are close to us; they are not abstractions. Her interests are in great measure our own, and to her our hearts turn in sympathy and understanding and in a common weal. This is an outlook that is almost new to Canada, an outlook that will alter profoundly and beneficially our future dealing and relations with our own mother land. (Applause.)

And we are learning to know our brothers of the seven seas, those continents and islands that are scattered like jewels across the world, and that have comprised through centuries the foundations of liberty, the outposts of Christianity. We met our brothers in conference last summer. We are recognizing as never before the difficulties as well as the advantages of close commercial relationships, and we know as never before how serious a task we are undertaking in seeking to bond together in any form of commercial helpfulness these varied and various entities.

Yet we know, as never before, of their affection for us, of their desire to trade with us and to eat salt with us, and we know of the deep conviction that rests upon them all, that in some way and by some means they and we will protect our own Empire from commercial domination by any country or combination outside of it, and will present to the peoples a unity of trade and of finance which will make us in the future, as in the past, the greatest single economic force the world contains. (Hear, hear.)

These things we know and these things are part of our new outlook. And we look out also upon our cousins to the south of us with clear and friendly eyes—clear and friendly, friendly but clear. We welcome with cordiality Mr. Julius Barnes, Chairman of the Chamber of Commerce of the United States. Mr. Barnes will speak to us to-night, and we are sure that his words will bear evidence of the deep friendliness of his people toward us and will find a ready response within our own hearts. We are so sorry that Mr. Butterworth, the President of the United States Chamber, is not here, and we send to that organization and to his own family our messages of sympathy in the deep trial which is afflicting them through his very serious illness. We know to-day with definiteness that we have upon this continent a great mission to fulfil for the benefit of the world, a mission and a duty which the United States shares equally with us. And we know that, notwithstanding the ups and downs of commercial relationships, we will walk forward in harmony and friendship with that great people, seeking along with them to fulfil our duty. (Hear, hear, and applause.)

There are other new outlooks that we possess. The advent of aviation, for instance, has opened up a new field of importance for this country, greater in proportion than for any other. Canada is to-day as never before the great highway of the world. Indeed and indeed, we live on Main Street, we Canadians, and the chief traffic of nations the chief communications of nations, must inevitably pass through our country. Distance loses its terrors as our new routes are opened up. The development of our northland is proceeding with a rapidity such as never was imagined in days gone by, and the wealth and resources which are being uncovered will make of this country the most important producer and the greatest exporter of many useful materials and articles.

There was once a great English mariner who searched for the north west passage; and when he was told of the tremendous difficulties of ice that confronted him, he replied: "There is no land uninhabitable, and no sea unnavigable." So with our own country, where the northern boundary has been pushed back and is being pushed back, so that where only the mists of ignorance once hung, now the flowers are blooming and the wheat is waving, and happy people are living, and industry and commerce and transportation are developing a new inland empire.

This is a new outlook, and another is that the relations of mankind to one another are changing for the better. The bitternesses of religion, the bitternesses of politics, the antagonisms of capital and labour, the selfishness of east and west in their relations with one another, all these are changing. The partnership of capital and labour is with us to-day in one form or another. The sinking of antipathies in a common effort for the public good is becoming a part of our normal lives. We in Canada have a share in these changes and our country is developing under the most fortunate circumstances because, while its development is being achieved by forces of invention and mechanics that were not applied to the new countries of the past, we approach it also with a wideness of knowledge, an attitude of tolerance, and an earnestness of spiritual purpose by which, I hope, will be erected a citizenship and a country of greater value to humanity, and a greater tribute to divinity, than any that has gone before.

We look throughout our country and we see our physical wealth and opportunity, but we see also, I hope, a people who have retained in the face of temptation the sturdy independence of their forebears; who have not lost, in the face of temptation, the respect for good things, the observance of religion upon which alone can a country be built; and a people who, seizing opportunity as it arises, and the opportunities are vast, will go forward to make their country a better and a safer place for those who come after them, and will erect within its boundaries and as a portion of our Empire a nation that will stand firmly for the ideals of its founders and will represent, in part at least, the great traditions of hardihood and courage which have made it what it is. (Loud applause.)

The Chairman, on behalf of the Club, thanked the Speaker for his fine address, and the large audience, standing, endorsed this expression by loud applause and hearty cheers.

BRITISH AVIATION IN WAR AND PEACE

An Address by LT.-COL. WM. A. BISHOP, V.C., D.S.O., M.C., D.F.C., Legion of Honour, Croix de Guerre.

16th October, 1930

Mr. William Tyrrell, Vice-President, introduced the speaker.

Lt.-Col Bishop was received with great enthusiasm, the audience rising and cheering. He said: I appreciate the great honour you are doing me in asking me to address you. My subject is a very broad one, and I will not try to cover all of it, but I will be satisfied if my remarks convince any doubtful ones here that flying in the air is not equivalent to making a non-return trip.

I will speak first of the Royal Air Force, which to my mind is the most highly efficient and best equipped air force in the world to-day. Although since the war drastic economies have been necessary, so that the force is smaller than any other air force of the great powers, the policy of the Air Ministry in London has been to pursue with all keenness every avenue of research and development in flying. Though we hear of amazing performances of the machines of other countries, especially the United States, France, Germany and Italy, I can tell you that the Royal Air Force has definitely the finest aeroplanes in the world to-day. (Applause.) Our two-seater fighting machines and our light reconnaisance machines have performances that are absolutely staggering even to an expert. We have a Royal Air Force Exhibition at Hendon, and it has been very interesting to note that more people go to see this display of the youngest arm of our service than go to the Derby—which is the greatest compliment that the British public can pay to anything.

It is only when the performances of fighting aeroplanes now and during the war are compared that we realize the enormous strides that have been made in aviation during the intervening years. The best available machines in 1918 would not be considered to be very efficient now. They had a cruising patrol of between 110 and 120 miles an hour, but to-day we have two-seater fighting machines which, fully loaded, can do over 200 miles an hour, while the machines which the British Government built last year for the Schneider Cup Races have done over 360 miles an hour. I think that this speed will possibly be increased, but not very much in the machines using the present type of power plant, owing to the great difficulties of cooling. These machines are stream-lined until they look more like projectiles than aeroplanes, and they have to use 80 per cent. of their surface for cooling.

The Royal Air Force has unique opportunities for training, because the British Empire is invariably engaged in half a dozen small wars in various parts of the world, and in such countries as those in the East, over which Britain rules, the total work of policing and disciplining those countries has been done practically entirely by the air forces, at the minimum expense with the maximum results. In an episode which occurred in Afghanistan the troops were sent in to bring out British subjects and Europeans, and this has now become the daily routine work of the Royal Air Force in the East.

The major part of the civil side of flying in Great Britain to-day is done by the Imperial Airways—a company subsidized by the Government. In efficiency this Company stands alone in civil aviation throughout the world, in the number of useful hours flown by the machines, and they have reached a point which no other company can even approach. Their record since the inception of the company is such, and the British public has now so much confidence in their machines, their pilots and their organization, that they are using the air more and more as a serious method of transportation. I have seen the plans of the machines to be used this year, which are not in any sense experimental, and they will carry 40 passengers, two stewards, and crew, and will have a performance that the present machines cannot reach.

I want to distinguish between those machines and such others as the huge German Flying Boat, built by Dr. Dornier, one of the most advanced designers in the world, which has flown successfully with 169 passengers—nine of whom were stowaways. (Laughter.) This type of machine is the forerunner of the great air liner of the future, such as will do ocean flying; but even though its performance is given up to exhibitions, it must be treated as experimental, because so many new factors and problems which may not possibly be foreseen must inevitably arise in a machine so colossal.

This is not the right time to go into the pros and cons of the controversy between the lighter-than-air and the heavier-than-air machines. In view of the terrible tragedy of the R-101—in which I lost several close friends—I will only say that it has always been my opinion that the future of the air lies entirely with the heavier-than-air machines. (Applause.) Of course, nobody, not even the greatest lighter-than-air enthusiast, will to-day support the dirigible in time of war, so the controversy rests entirely on the question of civil aviation.

Speaking generally, there are very few genuine air accidents. The trouble comes when mother earth takes part in the affair. For the purpose of transport the air should be the safest of all possible mediums, because it has three degrees of safety, whereas the sea has only two, and the road a little more than one. To my mind it is self-evident that the public will regard air as the safest place to travel. Some of the public at present have the idea that such is the case, and then comes a crash, and the clock is set back. Progress would not so easily have brakes applied to it if people took the right viewpoint about these methods. It is to be feared that the vast majority of the public do not begin to approach that air-mindedness which will some day be so vitally important to our medium. They seem to think that all aircraft are very much alike. When any accident happens it is interpreted, except by those who know much better, as meaning that all aircraft are inherently unsafe.

Apart from the dirigible there are three main types of aircraft, which operate under such entirely different conditions that they demand individual consideration. First, there is the military aeroplane, which might be described as being analogous to the racing car on land. That is not to say that the military aeroplane is built solely for speed, but that, whatever its purpose, it must show the highest possible efficiency. It has been truly said that the best racing car is that which comes nearest to bursting without actually so bursting; and this applies to most types of military aircraft, and it is right and proper that it should be so. Bearing in mind that fighting military aeroplanes have generally to operate in fairly close formation, and that they often have to be used for campaign purposes, I consider that the number of accidents is very low in the Royal Air Force. You cannot make omelets without breaking eggs, and so you cannot have a supreme air army without taking risks. There is this to be remembered, that no accident occurs in the Royal Air Force without some practical lessons being learned from it. This is not always the case with other branches of flying; so the same old mistakes occur with the same deplorable results.

Secondly, we have the principal branch of civil aviation, namely, the carriage of goods and passengers, on a dividend-earning—or at least a dividend-seeking—basis. (Laughter.) This kind of aircraft can be compared to the motor-bus or motor-coach; the foremost object of its design being the elimination of every considerable risk and, next, economy of running cost. Patronage can be obtained only by convincing demonstrations of consistent safety. An air-liner can be built with a considerable factor of safety, as it is practically never called upon to "stunt", and is therefore rarely subject to excessive stresses. Sufficient organization of the ground work will ensure that this factor of safety is maintained over a long life. So far as the British-manufactured machine is concerned, breakage in any part of the machine is almost unheard of. The only danger is that of fog, but with the improvement of wireless communication even that will soon reach its solution; and the ideal air line will be reached when one air liner is not allowed to show its superiority over a rival by taking extra risks.

Though the danger of fire will be eliminated in the not distant future, the single-seater fighter will still require petrol for its fuel; but the motor-coach type will be able to get along with two or three of those engines of the Diesel type, using heavy oil. Into this problem comes the method of construction. Assuming always that the aeroplane is flying at a reasonable height, it should be able to make a safe landing without exposing its passengers to injury. In my opinion a good deal of commercial flying is done at much too low an altitude.

Then, thirdly, we come to that type of aeroplane which corresponds to the privately-owned motorcar. This represents perhaps the maximum of air danger, since it is nobody's baby except the owner's. Although there are plenty of spare parts, so that he could have it adequately looked after, he may like to do it himself, and do it badly. He may strain his machine without knowing it. Or he will strain his engine and thus lose a few horse-power which would be a vital factor of safety. Over and above that, he can drive as a perfect fool, with no liability of being picked off for so doing. I am tempted to think that people whose interests lie in the air take the wrong attitude towards the flying fool. If he gets out of a difficulty they laugh good-naturedly and say, "it is at his own risk", whereas, if they had any vision, they would pull him out of the cockpit and make him understand what an idiot he is. They do not realize that one crash of a fool keeps hundreds of people out of the air. Nothing does more harm than the crash of a privately-owned aeroplane, and it is the last machine that ever ought to crash. The huge factor of speed is easily controlled.

Turning to the future of flying, it is continually pointed out that one of the greatest problems we have to face is that of overcoming bad weather and fog. I feel sure that this will be mastered in the near future by the development of wireless control from the ground, and of flying instruments. Great progress has been made, more particularly in the United States, in this line, and also progress in what we call "flying blind"—that is, flying without a horizon, or landmark of any kind. A few weeks ago a trial was made from Chicago to Detroit; a pilot was put in his machine with no horizon, but with wireless control from the ground and his instruments only, and he landed safely. Obviously this is a great step forward in the development of flying.

Flying has always been a science around which there has been a great atmosphere of romance, and this has possibly helped aviation at its start. In the war this atmosphere of romance became even greater, according to what has been referred to so often as the "chivalry of the air". There is no question that the bitterness which existed between the armies and people in general during the war did not exist—certainly not to the same degree—between various air forces; and I go so far as to say that in the fighting branches of the air forces there is no bitterness at all, but in its place a healthy regard and respect for each other. This was due to various causes, one, that on both sides of the front we had a keen interest in flying as a sport. Another was that we had great curiosity in regard to its development. We were always curious about their new machines, not because we were frightened at their performance, necessarily, but curious to know how they designed this, that, or the other item of their equipment. They felt the same towards us, so it was natural that in the case of prisoners of war between the two forces we treated them in an entirely different way from the average prisoner of war.

Then, of course, in the early days in the air there were individual duels between two opponents fighting on equal terms in those air lines. We lived in comparative comfort behind the front lines, and our short periods apart from actual flying were spent in pleasant bases and under pleasant circumstances, the air being much cleaner and pleasanter than the mud underneath. No doubt the thing that hurt was the bump when we hit the ground. (Laughter.)

Probably one of the most interesting experiences we had at the front was when we had a flying prisoner brought in. We made it a point always to treat them as officers and gentlemen, not as prisoners. One day before lunch a nice young Bavarian was brought into our squadron mess. He was very nervous, even to the point of getting up and saluting the man who brought him a cocktail. (Laughter.) After that he became more at ease, and seemed to enjoy himself. He was not perfectly happy while he was with us, for he knew we were trying to get technical and other information from him; and he said to us, "I wish you would not try to pump me, because then I might enjoy myself." We told him that although we liked him, unless he gave us some information we would have to send him down. Even with that he did not tell us anything.

A few years ago, when I was in Berlin, I took occasion to lay a wreath on Richthofen's grave. He was killed by a Canadian, Captain Roy Brown, who lives here in Toronto. As a result of my laying this wreath the German Flying Officers organized a luncheon for me in the club in Berlin which corresponds to the Royal Air Club in London. The President of the Club was at one time the Chief of the Air Force, and had two sons killed flying in the war. At this luncheon they assembled thirty of their leading war-time Aces. I was not told a single word of the reception I would receive, but I was soon put at my ease. Before lunch we all assembled and had our portraits taken under the huge portrait of the Kaiser. (Laughter.) All around the club room were photographs of the German Aces who had been killed flying, and it was very interesting to me to see those photographs of people with whom I had fought, and in some cases who had their last fight with me. The

President, in proposing my health, explained that at the time of the Armistice, as his two sons had been killed, he took a vow that he would never drink again; but he said that in my honour, and in honour of the Royal Air Force, he was having his first drink in proposing my health. I mention this to emphasize what I said about the good feeling between the two forces.

They had also in that room numerous paintings of fights in the air; and when I rose to respond to the toast I told them how interesting those paintings were, and that they were very strange to me, for although I had seen fighting in the air I had never seen such paintings as they had there. To an expert they appeared to be technically wrong, as they all showed the Allied machines being shot down by Germans (Laughter) and so far as I knew, that sort of think had never occurred. (Laughter.) They all appreciated my point, but disagreed with me. (Laughter.) In talking to them I asked many questions of personal interest. One was, that I was curious to know by what nick-name they referred to us; I explained that we always called them "Huns", that being the worst possible sounding name we could think of. (Laughter.) They said they did not have any special nick-name for us; they referred to us merely as "Englishers", which was bad enough. (Laughter.) After lunch their leading Ace, who was credited with shooting down sixty-four of our machines, presented me with the tie-pin which is the official badge of the German Aerial Association, of which I am now a member. (Laughter.) I was fortunate in being able to reciprocate their kindness when a group of them came over to England, and I was able to introduce them to the flying people there. It has always been a pleasant thing to know of such chivalry as actually exists among the flying men of the world, regardless of which side they were fighting for.

Flying is something which anybody can do. One hears so often such remarks as "I am too old to fly", or, "I have not the proper temperament." But people of all ages and types are flying more and more. In England to-day two out of five licenses are being granted to women, and I cannot see why women should not fly just as well as men, except in the case of controlling a very heavy machine. Recently a license was granted to a man in Brooklyn 77 years of age. The sooner people get out of their minds the bugbear that they are not properly equipped for flying, the better. There is no doubt it is easier than driving a motor car. The real danger is in hitting the ground the wrong way. Before I joined the Air Force I had only once in my life seen an aeroplane, and had no idea of going up in one or joining the Flying Corps. I mention this because I want to point out again that anybody can learn to fly. (Laughter.)

My first experience was as an observer; then later night-flying in England against Zeppelins. After several months of that, during which I was very fortunate, so that I never saw a Zeppelin, I was transferred to a fighting squadron. I had had no particular training along that line, and knew nothing about it. In fact, in those days nobody did know anything about fighting in the air. In my first fight I was very fortunate in being able to have a shot at one of our opponents, and took very careful aim—I was so nervous I could hardly pull the trigger—and he made a dive towards the ground. It seemed to me too easy; I could not believe that I had probably shot the man down. Expecting that he was trying to escape, I dived after him, only to find that he dove headlong 9,000 feet straight to the ground. He was possibly 800 feet ahead of me when he hit the ground. As I pulled my machine out of the ground I found that I had neglected my engine, and it would not start. There was nothing to do but run, and I turned my machine and went west as fast as I could. I got in a ditch. I had no idea whether I was in German territory or English, but companions came out and led me to a dugout. The piece of ground where I had landed had that afternoon been retrieved from the Germans on their retreat back to the Hindenburg line, back in 1917. (Applause.)

In fighting in the air I have always maintained that accurate shooting is the first factor. Most of the difficulty in air fighting is not to get into the fight, but to get out of it, and the easiest way out is to destroy your opponent; then you can go home in more or less leisure. We were very greatly handicapped in those early days by our machines being slower than the Germans', and when it was time to get out of the fight it was almost impossible to do so because of our slow speed. That convinced me that the only way to be certain of getting away was to shoot down your opponent and push down on the other side. The only way to do so was to have sufficient accuracy in your shooting, so that when they gave you any opportunity you were certain of getting your man. I would not be standing here to-day if I had not practised air gunnery so much. Experience proved that one had not only to put as many bullets as possible into the other machine, but to kill the pilot. To show how accurate one had to be, on one occasion I was surprised that a bullet ripped through the fold of my helmet, and fell near, but did no damage. In another fight I had 106 machine gun bullets go through the body of my machine, and not one of them touched me. (Applause.) Although I would describe that shooting as good, it did not have any serious results to me except to make me violently ill.

Richthofen, the great German flyer, was of course a wonderful all-round flier. He was a perfectly amazing pilot, and I know from personal experience that he was a most remarkable shot. In April, 1917, his squadron and mine were opposed to each other a month, and it was the best possible month in his career so far as results were concerned. Their machines were much better than ours, and our casualties were so great that we were continually using new and inexperienced pilots. Very few of them had done over thirty or forty hours of flying when they came to us. We were also fighting two or three miles over the German line at that time, which naturally had many disadvantages. In the morning the sun made visibility very bad in looking from the west towards the east, on account of the mist which is always present in the early mornings, and the prevailing winds were very strong at 10,000 feet high, carrying us into German territory. This prevailing wind made it sometimes almost impossible to engage enemy machines at very great height. I can remember on one occasion picking a German machine at between 19,000 and 20,000 feet. The first turn I had in the fight carried me half a mile into German territory, and also, due to the thinness of the air there and the heaviness of my machine, in that one turn of the machine I lost over 2,000 feet in height. Our casualties were staggering in the squadron where I was flying commander. We had 18 machines and 18 pilots, but in one day in April, 1917, we lost, out of that total, 11 machines and 11 pilots killed in a 25 minute fight—ten minutes in the morning and a quarter of an hour in the evening.

Richthofen was at his best at this time, and one afternoon, flying with my Squadron Commander, Major Scott, I was leading, and seeing four German fighting machines, I led Major Scott in to attack them. The next few minutes were almost the most hectic of my life, and the biggest surprise I ever got.

Three of the Germans cleared off to one side, and the leader, Richthofen, took the two of us on. We at that time had both shot down a number of Germans. I think my score was around 20 and Major Scott's about 12, and we were beginning to feel that we knew more about the game than anybody else; and therein lies the humour of this fight. Richthofen promptly gave us the rudest shock we could possibly have had. His three friends stood off to one side in case one of us tried to get away, and he took on the two of us. To my surprise, at the beginning of the fight he got almost on my tail—which is the ideal place to be—and the only way I could avoid being shot down was to turn immediately across him, giving him the most difficult shot in air fighting, as I was flying directly across at right angles to him at roughly 100 miles an hour.

He fired seven bullets in one burst, which ripped through the back of my seat and through the folds of my flying coat—the most beautiful shot I have ever seen. (Laughter).

This did not make me feel any too happy, and a few seconds later he had me in a position where the only thing I could do was to give him the same shot again. I suppose he had seen his tracer bullets going a matter of a few inches too far back, and this time allowed for more deflection, and another burst of his bullets came right through and cut my instrument board and instruments to pieces. He had in the meantime considerably damaged Major Scott, and had shot through part of his engine, with the result that his engine was operating at reduced power, making it very difficult for him to fly.

On the other hand he was not having it all his own way. After that second burst I made up my mind that he was not going to get another crack at me, and I managed a few seconds later to get almost directly behind him for one or two seconds, during which time I opened up with my gun as hard as I could, and thought I had shot him down, as he immediately dived straight toward the ground; and unquestionably I must have shot his machine up very badly, as I fired at him from less than 40 yards range. However, our attention was taken by the three other Germans, who attacked immediately, and I do not know what the result would have been in the fight with them, except that at that moment another flight of aeroplanes appeared a few thousand feet above, at which the Germans cleared off—and so did we.

We then, however, recognized the flight as being British, and they escorted us home. The last stages of the fight took a few seconds only, and I looked down in the hopes of seeing Richthofen crash, only to see him, about 4,000 feet below me, flatten out from his dive and fly away toward his aerodrome.

Before I leave wartime flying I want to pay tribute to one of the greatest fliers of all time, the late Colonel W. B. Barker. (Loud Applause.) He was one of my closest friends, and I know his record of achievement and worth, possibly better than anybody else. His untimely death was a tremendous loss to aviation. He was an outstanding figure from the point of view of perfect skill, and as a great tactician in early warfare. The episode for which he was awarded the Victoria Cross stands out clearly as being the greatest fight in the whole war. When 20,000 feet high he engaged, single-handed, 60 enemy machines, and, although severely wounded in both thighs and various other places, he continued to fight on from that point down to the ground, where he crashed on the front line; but on the way down he destroyed five German machines. Nothing before or since has touched the brilliancy or bravery of this fight, and his death is a great loss to Canada.

As to the future of aviation in Canada, I feel that in this country, having the finest human material in the world from which to make pilots, we have a most useful and important work for aircraft, probably more than any other country; many being important ones such as civil government operations, forestry protection, aerial surveys, exploration, timber cruising, fire protection, fishery protection, customs work, and many others. I do not believe the public of Canada have any real conception of how much of this work has been done, or how well it has been carried on. Flying has been done in the last few years in the northern parts of Canada, and I have in mind that some of the greatest flights in the history of flying have been made in this country. Whereas some of those later flights may be looked upon as merely stunt flights, the work that those boys are doing in northern Canada is their daily routine. Then, Canada's geographical position makes her one of the most important units in the world in the matter of Empire transportation. Long air routes and long sea routes are being laid out, but one of the world's main routes will probably be over Canada, up Hudson Bay way, with a landing place at Greenland; while 95 per cent. of the weather in the Hudson Bay and Strait is good flying weather. On account of our fortunate geographical position and wonderful flying climate, our airways should be of very special importance to us and should be made one of our greatest national assets.

To show how flying has developed in Canada during the last few years, the following figures may be quoted. In 1928 the total number of miles travelled was 2,700,000; in 1929, 6,000,000. In 1928 the total number of tons weight in freight and passengers was 2,400,000; in 1929, 3,700,000. The flying hours in 1929 were double those in 1928. This all goes to show that real progress has been and is being made, and I see nothing to stop it. The history of the war shows that we had 10,000 people in the Air Force, and at the end of the war over 20 per cent. of the Royal Air Force were Canadians. (Applause.) The flight last week of two Canadian boys across the Atlantic is another great proof that Canadians need never take a back seat in the world's aviation. (Applause.)

Bearing these facts in mind, I feel that I am only doing my duty when I appeal to important business men in Canada to support flying, in order that we may take advantage of our unique position in the world in this new and vital industry. (Loud applause, the audience rising and cheering.)

Lt. Col. George Drew expressed the thanks of the Club to the speaker for his very interesting and inspiring address, one of the most vital messages which could be brought to the Club. He referred to the speaker's brilliant war record, which credited him with 72 enemy machines destroyed.

PROSPECT OF CULTURAL RELATIONS BETWEEN CHINA AND CANADA

An Address by DR. KIANG KAN-HU, Chairman, Department of Chinese Studies, McGill University.

23rd October, 1930.

Dr. Kiang was introduced by Mr. William Tyrrell, the Vice-President, and said: In spite of the famous line of Kipling that "East is East and West is West, and never the twain shall meet", a cultural relation existed between the Orient and the Occident before the Christian era. In the histories of the East and the West, it is recorded that an official visit had been exchanged between the envoys of the Chinese Han Dynasty and the Roman Empire. This marks, in the ancient period, the international relation between China and the West. Aside from the successive expeditions despatched from the Middle Kingdom to the south-western countries in Asia, the Han governmental couriers once or twice did actually deliver and carry back messages of goodwill through Asia and Europe, after months or years of much laboured journey on foot or horseback. This early relation was scanty and difficult, but free from any aggressive motives other than the seeking of a cultural contact. Unfortunately, this practice did not continue. With a few rare exceptions, such as the introduction of the Nestorian faith, China and the West were once more shut against each other until as late as Jengiz Khan's conquest of Europe and Marco Polo's travel to China in the thirteenth century. This opened up in the mediaeval period international relations between China and the West. Thereafter the intercourse gradually became frequent, and both the commercial and the missionary interests increased to such a degree that regular sea routes were established across the Indian Ocean in the latter part of the Ming Dynasty. Later, when the industrial revolution took place in the European countries, their colonial policies made international relations between China and the West, in the modern period, totally different from that which existed heretofore. This condition has continued until the present day.

Reviewing the historical facts which occurred in these three periods of international relations between China and the West, we can easily see that in the first, or ancient, period, the prime motive was probably a sense of curiosity. Both the Chinese and the Western adventurers were pursuing a world of darkness with much wonder and occasional surprises, but they had neither a drawn plan nor a fixed goal. Any result of this relation was, nevertheless, a great contribution to the course of better mutual understanding, and therefore its help to cultural study was invaluable. In the second, or mediaeval, period, the prime motive was political ambition mixed with economic illusion. The annexation of the whole of Europe to the Mongol Empire, aimed at by Jengiz Khan, and the stories of an unusually wealthy and luxurious Cathay related by Marco Polo greatly reduced the distance between the Far East and the Far West. This same ambition and illusion served also as the prime motive of the East-West relations in the last, or modern, period. It took a new form and grew to be a more aggressive and decisive force. It is embodied in the time-honoured Imperialism and Capitalism of the West over the East. This is the key-note in an analytical study of all international relations between the Manchu Empire and the Western Powers during the nineteenth century. Political and economic relations became more and more intense and complicated; cultural relations were comparatively insignificant and neglected.

About forty or fifty years ago, the Chinese of my grandfather's or my father's age, and even some of my own age, used to look upon the Westerners as semi-barbarian monsters who were the manufacturers of guns, cannons and engines but possessed no cultural property. When the Manchus first sent the government students to

Europe and America, about half a century ago, they were instructed to study only mechanical courses and to attend only military and naval schools. The philosophy, literature, art and social science of the West were to the early Chinese things of non-existence, or of no value whatsoever. This deadly-blind ignorance was not got rid of until the beginning of the present century, in the horrors of 1900, when many thousand lives of the Chinese Boxers, Christians, soldiers and citizens, and many hundred million taels of indemnity funds were paid as its price. On the other hand, the Chinese used to appear to the Westerners only as labourers, coolies, cooks and laundrymen, and their products at their very best were said to be but tea, silk, porcelain and embroidery. This attitude towards the Chinese of the Westerners was common and universal until quite recently, and I am sorry to say that it is still held by the majority of the white peoples even to-day. To them, Chinese philosophy, literature, art and science are also things of non-existence or of no value. Even in the schools and colleges of the West, Chinese history is scarcely included in the teaching of world history. It is of some interest only to those missionaries, merchants and diplomats who are preparing to go over there. It has never yet been treated as a part of the general knowledge of human civilization.

But, despite this regretful condition of the past, cultural relations of tremendous importance between China and the West were in existence throughout these three periods. The three great inventions by the Chinese, namely, the compass, printing and gun-powder, had a great effect on Western science; the teaching of Lao-tse and Confucius influenced the Western individual and social life, in theory and in practice; and the Chinese fine arts and architecture brought some changes to the Western artist's ideas and ideals in the middle ages. As for the West, the early Christian missionaries, especially the Jesuits, aroused in China more interest in natural science than in religion. The Chinese government appointments of Western missionaries as advisers, specialists and experts in the Imperial

Observatory, Bureau of Construction and Ministry of War have been frequent ever since the middle part of the Ming Dynasty. They helped, to a great extent, to reform the Lunar Calendar, to advance mathematic and astronomical studies, and to introduce the natural and mechanical sciences. Although many of China's past diplomatic experiences with the foreign powers were not pleasant, this much in cultural reciprocity will forever remain as a happy memory of international friendship. It shines as the bright rays of the hidden sun from behind a cloudy sky.

It is very gratifying to note that, in our present age, these bright rays have slowly but surely regained their power and glory, driven away the darkness, and enlightened the whole horizon to welcome a fresh dawn. This sign began to manifest itself amid the blackest night of the year 1900. Since then the Chinese have quickly changed their attitude towards the rest of the world and become the most eager seekers after the Western culture. Hundreds and thousands of young men and young women, supported either by the central or the provincial governments, or by their clans or families, together with an equally large number of self-supporting students, have sailed over all the seven seas to search and acquire fundamental knowledge and practical experience in all branches of the new learning. The new-comers to the schools, universities and factories of all leading European and American countries quickly replace and greatly surpass the number of those returned. Most, if not all, of the returned students from abroad become leaders of movements and activities in every field in China. Ever since the formation of the Republic, and especially under the Nationalist regime, more than one-half of the high posts in the government and organizations of a modern nature are being occupied by persons with foreign academic degrees. Western languages are taught in all Chinese colleges; philosophical, scientific and literary works in English, German and French are either read in their original tongues or translated. Great Western scholars, such as Bertrand Russell of England, John Dewey of America and Hans Driesch of Germany, are being cordially invited to and enthusiastically entertained in the Flowery Land. Along with political and industrial revolutions in China which are all after the Western pattern, a radical change is rapidly taking place in the moral and social life of the ancestor-worshipping country. From Tolstoy's Non-resistance to Marx's Proletariat Dictatorship, from Darwin's Evolution to Kropotkin's Mutual Aid, and from Nietzsche's Superman to Mme. Sanger's Birth Control, every seed of the new doctrines of the West finds a fertile soil in the mind of the Chinese youth and blooms to its fullest extent. The Western cultural influence in China in the last quarter of a century is indeed unquestionably great. (Applause.)

China seems to have very little reply to the West for what she receives. This is not because she has nothing to offer for international cultural exchange, but because her foreign customers have been too proud to accept anything from her. Besides, it is the racial characteristic of the Orient in general and China in particular, that she is always passive in dealing with others. She will not do to others not only what she does not wish others to do to her, but even what she does wish others to do to her, unless and until it is asked for. Until very recently, she has never been asked to do or to give anything culturally, though she has often been forced to do and to give many things materially. But the world situation seems to have changed somewhat since the last great war. Western culture, with all its victory and splendour, shows some imperfection and weakness, while Chinese culture, with all its drawbacks and unfashionableness, indicates the possibility of being rejuvenated and utilized as a remedy for the defects of the others. It is plain that the Chinese culture is the only one of the old indigenous civilizations now living. Because it is so different from the modern Western culture, its very defects may yet be applied as remedies for the latter. As a poison for one person may be a tonic for another, so it is with cultural consequences. Many a far-sighted and broad-minded Westerner sees this truth and is beginning to turn to China for cultural stimulation. That some promising results will come of the study of it is almost certain and within reasonable expectations, though the time is yet too soon for us to cite any concrete achievements. (Applause.)

Besides many great Sinologists in the various centres of Chinese studies in Europe, the United States has taken the lead along this line in this hemisphere. The Library of Congress in Washington has built up the largest Chinese collection outside of China and Japan. Columbia University and the University of California are the first among some fifteen American Colleges and Universities having a Chinese Department. The Harvard-Yenching Institute is being provided with many million dollars' worth of funds for Chinese research through exchange professors and exchange students. There are more than two hundred Chinese courses offered to the graduate and undergraduate students in American institutions of higher learning. All leading museums and many public and university libraries include a Chinese section of art objects and books. The China Institute in America prepares an annual series of public lectures on China and things Chinese, besides its many other activities. The China Society and the China Club have branches in every big city in the United States, and include both leading American professional men and women among their members. A special Committee on Promotion of Chinese Studies is being organized and is functioning under the auspices of the American Council of the Learned Societies. This is indeed a very inspiring example furnished by your neighbouring republic.

What, then, is the prospect of cultural relations between China and Canada? As Sir Arthur Currie says, "We are joined rather than separated by the Pacific." We are, in a sense, both new nations of the modern status. China is a republic only nineteen years old, and Canada gained her membership in the international family in 1919. The most admirable fact is that these two nations have ever since met only on very friendly terms; no conflict or dispute of any kind has ever been registered in our international relations. Moreover, because Canada is a Dominion, there is no ground for China to fear any aggressive policy from this country as she might from some of the other old imperialistic countries. Following the change of the world situation, even the old imperialistic countries have had to modify or to give up their hereditary policy to a general goodwill. China is rich in natural resources and man power, but badly in need of mechanical development and scientific management which can be supplied by the highly modernized and industrialized Canada. Canada also wants the Chinese market for her production and for her manufactured goods. There is every reason for China and Canada to become closer and better friends. (Hear, hear.)

In order to become closer and better friends, we must first have a mutual sympathetic understanding and appreciation, and this can be secured only through cultural contact and study. Although the chief interest in the international relations between China and Canada may seem to be commercial and economic, yet without cultural understanding and appreciation the purely material interests in commerce and economics may easily lead to some kind or other of conflict and dispute. Real friendship binds in moral obligation and not in material benefit. Culture has its moral value and moral force. Cultural study is always a moral gain and yet not a material loss. Lao-Tse tells us that "It serves others and yet is self-possessed; it gives to others and yet is self-sufficient." This is why a purely cultural contact concludes only in compromise and absorption and never in conflict or dispute, unless mixed with material interests. I think it is now time for all nations to look upon each other as comrades and not as mere contractors or customers. Diplomats and merchants, as well as scholars, should know the history, tradition and psychology of a people with whom they deal, besides international laws or business propositions. It is regrettable that we Chinese know very little of the cultural background of the Canadians; it is more regrettable that you Canadians know even less of the cultural background of the Chinese!

The cultural relations between China and Canada are recent. Outside of numerous Canadian Christian missionaries assigned to educational and medical works in China, there have been practically no Canadian scholars independently engaged in the cultural field over there. Many native-born Chinese here have gone through local schools, but their number has decreased following the ever increasing severity in Canadian restrictions against the Chinese immigrants. Even students coming from China to attend Canadian universities and colleges as in an exempted class are but few—less than one hundred against a generous number of about three thousand Chinese students in the United States. This is not because the United States have better institutions than Canada has, or because the Chinese students like the United States institutions better than the Canadian, but because, firstly, the Americans are better advertisers than the Canadians; secondly, the Americans have won over the Chinese by the return of the Boxer Indemnity Funds for educational purposes; thirdly, the immigration regulations in the United States towards the Chinese in general and Chinese students in particular are less severe than those in Canada; they admit students *en bloc* and permit them to work in part time for their own support; and, fourthly, there are more Chinese in the United States and more Chinese graduates returned from the United States, and they naturally draw more Chinese students to the United States.

A long stride has, however, been taken by the Canadians towards the cultural study of China in the last few years. In 1925, a wonderful Chinese research Libary was given by Mr. M. G. Gest, a public-spirited financier of New York City, to McGill University. This Library is, in quantity, the second largest in the Western hemisphere, excelled only by the United States Library of Congress Chinese Collection; and, in quality, it is second to none in the world outside of China and Japan. It possesses all the important works of the four main Chinese library divisions and many very rare or only extant old editions or original manuscript, dating from the twelfth century. The total number at present already amounts to one hundred and twelve thousand volumes, and, through a permanent expert agent in China, ancient and modern publications will be added rapidly and continuously. Mr. Gest certainly made the best choice in the investment of his money, and he made, too, the best choice in the disposition of his treasure. This invaluable gift inspired the establishment of the first Department of Chinese Studies in Canadian universities this year, and I consider it a great honour to have been appointed as the first Chinese professor in Canada. A Chinese proverb has it that "The best never comes in the first." I am here just to prepare the way for real Chinese scholarship, and to march forward as the vanguard of a forthcoming troop along the road of cultural relation between our two great countries. (Applause.)

It is my sincere hope and, I am sure, the hope also of the University, that it may obtain the co-operation of the Canadian public at large for this undertaking at its very start. If the public approves of it and wants it to continue and to expand, every moral or material support will be most welcome. I take the liberty of appealing to you on behalf of the course and presenting to you my personal wishes in connection with it.

First, I would like to see a Canadian minister sent to the station in Nanking and a Chinese minister coming to Ottawa. This will further cement the international friendship between our two nations and arouse a deeper interest in mutual cultural studies.

Second, I would like to see some modification of the Canadian immigration regulations, or better facility in their practice, by which the Chinese and especially Chinese students may be given more favourable treatment. The following is my own experience. In spite of being invited by the University, and my coming from the United States having been reported to the Immigration Office in Ottawa and the Canadian Legion at Washington, I was met at the boundary line with a deportation paper issued by the Canadian immigration inspector on board the train. I was sent back to the other side of the border for one night before permission was actually granted to me to enter Canada. Such an incident is sufficient to frighten away the Chinese students or leave a wrong impression in their minds.

Third, I would like to see Chinese courses installed in all our leading universities, and the system of exchange professors and students between China and Canada put into practice. While McGill University may be made the centre of Chinese studies and research, a general course in Chinese culture should be given in all other institutions of higher learning as well. Chinese culture is, in its nature, a part of the general knowledge of human civilization and is no longer a subject of mere curiosity or of special interest. If a Canadian student, who has been well prepared along this line in this country, wishes to specialize in the subject, field work in China, especially in Chinese universities, will still be required. If China sends students abroad, why not send Westerners to China? There are already a number of European and American regular and special students enrolled in Chinese universities, studying with Chinese students. Canadians should be there also.

Fourth, I would like to see some scholarships and prizes endowed for both Chinese students in Canada and Canadian students studying Chinese. This will inspire the ambitious and intellectual youths of both nations to devote themselves to this great course. Its moral encouragement will be a hundred times greater than its material reward, and its indirect influence will be a thousand times greater than its direct benefits. There will be, in time to come, outstanding Canadian Sinologists fully qualified to take over such a place as I now occupy, and there will be some Chinese government and social leaders who have been educated in Canadian institutions and by Canadian funds. Their influence in the betterment of international relations between China and Canada will be tremendous. These are, of course, only my personal wishes; they are, however, not fantastic dreams, but things of great possibility. But, whether or not these wishes can be realized as actual facts will largely depend upon the co-operation that may be rendered by the Canadian public, and by you, the leaders of a mighty nation. (Loud and continued applause.)

The chairman voiced the thanks of the Club for the inspiring address.

UNEMPLOYMENT

An Address by HAROLD B. BUTLER, C.B., Deputy Director, International Labour Office, League of Nations, Geneva.

31st October, 1930.

Mr. William Tyrrell, Vice-President, introduced the speaker, who said: I naturally felt gratified on arriving at Toronto this morning—a city in which I flatter myself on having a large number of good friends, because this is the third time I have been here. But I was also particularly gratified to find in the *Mail* and the *Globe*—because we are a non-political organization, and therefore I was perfectly impartial in my selection of newspapers—the best introduction that anybody from the League of Nations could hope to find; I read the reports of the speeches delivered yesterday in London by His Royal Highness, the Prince of Wales, and by the Prime Minister of Canada, both of them emphasizing the indispensability of the League of Nations to the future prosperity not only of the British Empire, but of all countries. I should like to take as my text some words of Mr. Bennett's which seem to me to sum up the real problem before the League and before the International Labour Organization, which is a part of it, perhaps as well as it could be summed up. He said this:

> "It must be in the minds of everyone here to-night that the very life of democracy depends on the maintenance of Peace. There can be no progress unless governments are able to work out their problems in peace and tranquillity."

I remember that, when the Leauge was started some eleven years ago, it was considered a rather fantastic adventure. It was not seriously thought by a great many people that the time had yet come in the world for attempting seriously to realize the ideal of international co-operation. And yet at the end of eleven years I think one may clearly say that the League of Nations is no longer an ideal, but a fact. And the conversion from ideal to fact has simply come about through necessity. Unless the League and the Labour Organization had been actual necessities, one may be perfectly certain that they would not exist at this time. They are necessities because the world is so closly linked together (and it becomes more closely linked every year), that without some kind of international machinery there would be little hope of promoting the progress of democracy and of civilization. That truth has been more acutely realized within the last twelve months than at any previous time, because the whole world has been in the trough of the deepest depression that most of us in this room have ever known; and it has been realized that it is no longer possible, under the present conditions of civilization, for any one country, however great, to stand alone in prosperity. The prosperity of one is the prosperity of all.

When one looks around at the present situation one cannot help realizing its gravity. Perhaps there is no better method of realizing this than to take unemployment figures as they stand at this moment. One can say without exaggeration—and probably it is an understatement—that there are six and a half million men and women out of work in Europe, a large proportion of them being in the two most industrialized countries, Great Britain and Germany. There are probably something like one and a half million completely out of work in Great Britain, with another three-quarters of a million partially or temporarily unemployed; while in Germany the figure is in the neighbourhood of three million. Turning to this continent, I saw that the other day it was officially calculated in Washington that there were three and one-half million people wholly out of work and another million partly so. Hence, I suppose one can say without exaggeration that there are something like five million persons out of work on this continent. That makes a total of eleven and one-half millions. If you go to Asia, of course, you cannot find any figures, but there is no doubt that in China and India there is probably greater distress than in any other country, and that they are in themselves the roots of a great deal of the world's depression. In Japan, an industrialized country, for which information is available, there is certainly a very great deal of unemployment at this moment; so I am sure it would not be an over-statement to say that perhaps fifteen millions of people are out of work in the world.

Of course a good deal has been done in different places to seek a remedy for unemployment. In every country where it has been acute, large sums of money have been spent in order to hasten relief work, to push on construction programs a little bit in advance of their normal time. These efforts have no doubt had a considerable effect in diminishing the incidence of unemployment; but of course they are a palliative and not a cure. There are at this moment about 43,000,000 people covered by unemployment insurance in Europe and other countries, and in addition there are ten other countries which grant state subsidies in some form or other to voluntary schemes of insurance. This has undoubtedly mitigated very considerably the effect of unemployment; indeed, I think there is no doubt that without such schemes the unrest would be very much more formidable than it is; but, again, that is not a cure, but only an attempt to lessen the evils of the disease.

At this moment the world finds itself confronted with a situation for which apparently there is no remedy; at any rate, for which it is quite clear there is no national remedy. I think the realization of that fact by itself is a great gain and it is beginning to lead the statesmen of a good many countries to revise their views as to the best method of dealing with industrial depression. But in addition to that, it has impressed itself very much on the various organizations of the League as being a great problem which lies in front of us; because, without developing that at all, you will realize that you cannot have economic depression without risking dangerous political cosequences. You cannot separate economics and politics; and distress, depression and lower standards of living are bound to have more or less serious political consequences.

I want, therefore, for a few minutes, to suggest to you what the League has been attempting to do, and what is its future program. I think you may divide the economic problem into two different aspects. There is a strictly economic or financial aspect, and there is an industrial or social aspect. The first, the financial aspect, is the province of the economic organization of the League, which works through two very strong committees of the bankers and business men who meet regularly at Geneva, and who may be said to represent thoroughly the best talent available for giving advice on those subjects. I should just like to remind you that even during these past ten years a great deal has been done through League action to improve the position. In 1920 the Brussels Conference, which was mainly a bankers' conference, recommended very strongly the return to the gold standard. Well, that was effected in a far shorter time than most people at that period anticipated; and if, as is the case, practically every country in Europe is now back on the gold basis, I am sure it is largely the result of that recommendation, backed up by the persistent pressure of public opinion, which is naturally generated at every meeting of the League Assembly. The second Commission at every meeting discusses the economic position, and from year to year insistence was laid on the importance of getting back to a gold basis, which undoubtedly had considerable effect.

Then a great deal of very valuable work was done in the restoration of Austria and Hungary and Greece and Bulgaria to a proper financial footing. But that was not enough, and I think nobody would look at the state of Europe as it is to-day and say that it was altogether rational. Within the last year or two a new word has been introduced into the English language from Germany, and has become extremely popular. We all talk now about "rationalization". Well, I am sure rationalization is a necessity in Europe, and that that is a problem which is lying in front of the League at the present moment. In attempting to deal with it a movement has been started which is called "Concerted Economic Action". In the first place the title adopted was "Tariff Truce", but little progress was made in that direction, and the title was changed. But I am rather disposed to think that the atmosphere is far more favourable now than it was a year ago to some sort of concerted action, because I think the realization is growing that without it the state of affairs is bound to become worse rather than better.

Then there is another problem on which I touch with great hesitation, because I do not pretend to be an expert, and I expect that a good many people in this room know a good deal more about it than I do; but one of the features of the general situation to which a great deal of attention has recently been called is the wrong distribution of gold in the world. One factor which I think distinguishes the present from any previous time is that the gold supply of the world, instead of increasing, is steadily diminishing. The production of gold in the United States and in Australia and South America is on the down grade. Apparently all the experts say that the production in South Africa, which is responsible for more than 50 per cent. of the world's supply, is going to begin to diminish in the very near future; and the only country in which there is any increase in the production of gold is Canada. But even so, the supply is diminishing; and it has been suggested by one of two very eminent economists, notably by Sir Henry Strakosch, who is a great authority on this subject, that part of the world's troubles, at any rate, are due to the fact that there has not been enough gold available to finance the increased production of the world; and he cites the fact that in some countries, notably France and the United States, through the natural operation of trade, more gold has been accumulated than they can use effectively for credit and commercial purposes. That means that there is shortage; other countries are going without gold which they need to maintain their purchasing power. I am not going to make any pronouncement on that theory, but I will only say that it has led to the creation of a special committee at Geneva which had been studying this question very closely, and which has just issued one report which goes a certain distance in endorsing the view that the gold situation is one of the fundamental elements in the present economic depression; because, as will be easily appreciated, if the value of gold is going up, that means that prices are going down, and the universal experience in every country, as our investigations have shown, is that the fall of prices and the rise of unemployment go almost parallel in every case.

Then let me turn for a minute to the industrial side, and try to give you a very brief resumé of what the International Labour Organization has done. What we aimed at doing was to create something like world standards for labour conditions. That is a matter of very great importance as commerce becomes more international, and as industry spreads wider and wider throughout the world. Before the war there were comparatively few industrial countries, and nearly all the international trade was done by those countries. That situation has completely changed. Both in Europe and in Asia you now find new industries springing up and entering into competition with the older industrial countries, both Europe and America, in the world's markets.

There is another factor which makes it more than ever important that there should be some sort of international equalization of labour conditions. Before the war the individual worker counted for a great deal more than he does now. What matters more and more now is the machine, and the best machine and the best management are just as much available in Japan or China as in Canada, the United States or Great Britain, and in fact are being used. Some of the very best textile mills in the world can be found in Japan, and if they are operated by labour which is working much longer hours and on much lower wages, and generally on an inferior level, there is no doubt that that is going to be a very serious factor in the cost of production, and may set up something that may properly be called unfair competition.

During the last ten years the International Labour Conference, which contains the representatives of governments, of employers and of workers, has passed twenty-nine international treaties or conventions, as we call them, setting up standards. In order that those conventions shall become effective it is necessary for the government of each coutnry to send in to the Secretary-General of the League a formal document of ratification, as is done in the case of any other treaty. At this moment there are 408 such ratifications deposited with the Secretary-General. That really means that in Europe an international code has been practically established; that child labour under 14, and night work for women, have been abolished; that the eight-hour day is more or less general. That change has not only affected Europe, but to a large extent it has also affected Asia. In both Japan and India child labour has likewise been abolished. The Japanese Government has ratified three conventions dealing with child labour; hours have been reduced, night work of women has been abolished, and beginnings have been made of accident compensation and other social reforms. In fact, I think there is no doubt that in the last ten years Japan and India have made greater relative progress than any other countries.

The net result of all this certainly is that in both Europe and Asia the standard of living is very much higher than it was before the war, and though most countries have suffered economic depression and unemployment, I think anybody who has toured much in Europe will bear me out when I say there is no doubt that the general standard among the working classes is far higher than it was twenty years ago. I know from my own observations that this is true of Great Britain also, but I would say that greater relative progress has been made on the Continent than in the British Isles.

The conclusion that I would like you to draw from what I have said is this: I believe it is now a mistake to regard the League as a sort of something up in the air, and I think there is a tendency to confuse the aims of the League with the League itself. After all, the aim of the League is to promote peace through international co-operation, but the League itself is just a piece of machinery, and the extent to which it realizes the aim for which it was created depends entirely on the will of the countries at the back of the League to operate that machinery.

When one has got a parliament established, one does not confuse it with democracy; one realizes that parliament is just a machine to achieve democracy; and very often, when one's parliament has got on its feet, people do not grow very enthusiastic about it; in fact, they are more inclined to be critical than enthusiastic. I think the League is rather in the same position at the present time; people are inclined to be more critical than enthusiastic, and to say that it has not done all kinds of things that it should have done, forgetting that it has been in operation only ten years, and represents a very revolutionary attempt to change the general evolution of mankind. But if you try to destroy a parliament, then there is usually a row, because people rise up and say you are trying to obliterate democratic institutions. So I believe if there was a serious attempt—which is not at all likely—to overthrow the League there would be a row, and that many people, who are criticising it most for not having done as much as they would like, would be the first to come out in its defence. In other words, the ten years of its experience have shown it to be really indispensable. It would have been utterly inconceivable 200 years ago, because the world was not ready for anything of that kind; 100 years ago the idea of some sort of international collaboration was mooted after the Napoleonic wars, and an attempt was made to set it on foot, but it failed, because at that time it was much too soon.

As I have said, if the present time was still too early I think the League would already have failed; and the fact that it has not is the real proof of its necessity. When you come to think of it, there is no other way. If you look at this great country, you look forward to a prosperous future by adopting exactly the same methods as the world must adopt if its future is likewise to be more prosperous than its past. In other words, you are trying to link up this continent closer and closer by communications, by better education, by a higher standard of living, by greater efficiency all round; and it is only in that way that Canada can and will progress.

Well, the world is in exactly the same situation. Unless the tendency towards closer linking up, and towards the general raising of the standard of life, which is already very strong, is continued, the world will go back. It cannot stay where it is; it must either go forward or go back, and if it goes forward it must have the machinery to enable it to do so; and the only machine yet invented is the League of Nations. It may not be a perfect machine; it is not; but it is the only machine, and until a better one is invented, I would ask you to endorse the words of the Prince of Wales when he said last night that every thinking man and woman ought to support it. (Loud applause.)

THE CHAIRMAN thanked the speaker, on behalf of the Club, for the extremely interesting way in which he had dealt with his important subject, adding that while the League of Nations is not a perfect machine it is a very flourishing organization.

TARIFF RELATIONS WITHIN THE BRITISH EMPIRE

A DEBATE BETWEEN H. TREVOR LLOYD, B.A. (Bristol University), and JOHN MITCHELL, M.A., LL.B. (Aberdeen University), on the subject, "Resolved that there should be a Change in Existing Tariff Relations within the British Empire."

6th November, 1930

MR. WILLIAM TYRRELL, Vice-President, introduced the speakers in turn.

MR. MITCHELL, for the Affirmative, spoke as follows: There never has been any precedent for such an Empire as this is, with its constituent parts so widely separated, its questions of economic interest made so complex by diversity in geographical position, in population and in climate. Yet this diversity is a source of physical enrichment, and a source of pride to us who belong to that Empire. (Applause.)

It is a remarkable thing that, while the Empire contains 450,000,000 people, practically three out of every four of these are Indians, and we represent only 25 per cent. of those people—a stupendous fact which cannot be treated lightly by those who study our Empire.

Now, it cannot be doubted, even by my Welsh opponent, that there is to-day a maladjustment of the units of the Empire and of the economic position of each one. Various suggestions have been made for their adjustment. Mr. Walter Runciman has claimed that there is a law of gravitation in economics as well as in physical science, and that this law can be equally interfered with in both, and its effect in the economic sphere is similar to the other one, throwing an artificial strain which is a very severe shackle on free trading, which cannot be removed until the law of gravitation is done away with. He states that sooner or later supply will adjust itself to demand, at the level at which demand sets itself.

I submit that the day of *laissez faire* has gone, when the units of the Empire carried on their work simply as business men without taking any cognizance of the government. Though some of us might not have very much respect for governments, even those under which we are sitting, we must recognize that those governments are in a constitutional position, charged by the people to carry out the affairs of the country. One of the greatest needs is the spirit of mutual help and co-operation within the Empire. (Applause.) That is very difficult to achieve, and one might be permitted to observe, as a humble observer of the Conference now sitting in London, that it would take fifty Imperial Conferences of this kind to achieve what we want. (Laughter.) The need of this spirit of help and co-operation is recognized. In a letter I received from Mr. J. H. Thomas, the Secretary of State for the Dominions, he says that visits such as ours serve to promote better understanding and spirit, and form an interchange which is helpful to both countries.

We must closely examine the recent tendency in the world to form economic groups, such as we see in the United States, in their attempts to achieve economic unity, and in the endeavour of Briand in France to set up the economic union called the United States of Europe, before we reject the idea of the formation of economic groups. The idea has therefore arisen that the British Empire should form itself into one vast economic unit for protection against the present world and against possible situations in the world that may arise.

While I am suggesting that there should be a change in the tariff relations, it is not my purpose to suggest which precise change would be the best. I must apologize to the audience if they expect me to state the cure for all the ills that the Imperial and Dominion Governments and the Ramsay MacDonalds and R. B. Bennetts have been considering for years; and I cannot be expected to be a dictator to the world; (Laughter) but I think it is desirable that we should have an economic unity.

I do not advocate altogether the policy of Free Trade within the Empire (what has been called Empire Free Trade) according to Lord Beaverbrook. What he means is not Empire Free Trade. His scheme consists in putting round the garden known as the British Empire a wall like the great wall of China, and round each little plot within that garden—which are the Dominions and Colonies—there should be another little wall, and each one should have its own walls, and doors through them, of different sizes, and so on. That is not free trade, but that is Empire Free Trade according to Lord Beaverbrook. (Laughter.)

Now, let me remind you that such a group once existed; that British Guiana, Honduras, St. Vincent, Trinidad, etc., were units that had Imperial economic unity within their own boundaries; and they imposed general tariff barriers which were participated in by all of those units, and the arrangement proved a success. I am not going to trouble you with figures, but that is an undoubted fact. One can suppose that what has been found to be successful in one instance might suggest a plan for Canada co-operating with other Dominions.

In Great Britain authoritative opinions have been expressed for the desirability of fiscal change by influential bodies such as the Federation of British Industries, and in particular its subsidiary, the National Federation; 72 per cent. and 96 per cent. of the replies received from their members suggested that a change was imperative; that is, the British employers thought that. The General Council of the Trades Union Congress put out a memorandum somewhat to the same effect; and the bankers of London got together, and though some of them criticized the reports of their actions which appeared in certain papers, the majority agreed to what they said, and stated that an Imperial policy consisting of tariff changes was absolutely necessary. Even Mr. Stanley Baldwin said that the progress of the British people depended upon their capacity for putting the Empire into one unit for protection, for consumption, for distribution, for the maintenance of the lot of those who held their adherence to the British Commonwealth of Nations.

Now let us look at some other suggestions. We have heard of Imperial Preference. We know what it is. This great Dominion has been one of the principal nations which has taken a part in promoting Imperial preferences. In 1859 Canada's decision to tax imports with a view to protecting Canadian industries led to a protest from British manufacturers, and a declaration of the people of Canada of their right to decide for themselves the mode of taxation. In the elections of 1871-2 Sir John Macdonald advocated a readjustment of the tariff in favour of British manufacture. In 1879 a delegation informed the Secretary of State for the Colonies that Canada was willing to give a preference to Great Britain over other countries; and in 1894, at the Imperial Conference held in Ottawa, and so on down to the present day. The last Canadian budget is substantially an Imperial preference budget, and towards Great Britain in particular. That shows what the position of Canada was with a view to promoting Empire industries. That is a factor which shows that we cannot afford to disregard the present position in which the Empire finds herself, and trust to luck that something will happen for the good of the Empire. We must promote the idea that the governments of the countries, probably in concert with the business men of the whole Empire, should consider the question rationally. What is wanted is a gigantic Imperial Conference.

Ramsay MacDonald said, with reference to putting a tariff on foreign wheat, "We cannot do it." Philip Snowden said, "If you have anything to do with tariff you are on a slippery slope that leads to the bottomless pit." Those utterances show that those men are hidebound free-traders. I am suggesting that we should improve our tariff position, our development, and carry on. We are suffering from over-production in the Empire. The rate of production might be regulated; that is one great economic problem. I think great hope for the Empire lies in Imperial rationalization, but no one knows exactly what that is. To me it means getting all the intelligent people of the Empire represented at some conference, and discussing these things in a sane and rational way, without blind adherence to party ideas.

In the life of our British Empire 100 years are but as a day. In dealing with our resources we must look beyond the needs of the moment, and our past achievements must be taken as tokens of a distant future. Cannot we clear up what we have achieved by the material preferences and by specialized protection applied to certain industries which have proved themselves, to the tribunal of the State, to require protection? We are safe-guarding industries in Great Britain at present, though the system is in danger of immediate dissolution. I suggest that we require it in other countries. If they require it, and the government agrees, let them have it.

Lord Beaverbrook has put forward certain ideas, but he has not succeeded so far. Punch commented, in a very few pungent words taken from the summary of news in the *London Times,* which read:

> "Lord Beaverbrook and Lord Rothermere are still continuing their Empire crusade.
>
> The two monkeys which escaped from the Zoo yesterday are still at large."

(Laughter.)

Improvement in conditions may not be by general tariff operations; it may not be only by the holding of Imperial Conferences; we might require increased advertising, increased efficiency in methods of salesmanship throughout the Empire; it might be by import boards, or the quota system, or bulk purchasing; it might be by trade agreements such as England has with the Argentine, and then having an extensive plan of Imperial rationalization—the whole expressing the desire to get on with tariff changes.

I had the honour of speaking to your Governor-General, Lord Willingdon, two days ago, and he said, "Canada today is the greatest positive asset that the British Empire possesses." With his words I agree. Are we to be bound by doctrines which have proved themselves to be out of date, almost dead? Are we to tie a cord around the Empire? Are we to lose the heritage of a common link of patriotism, a common adherence to tradition, and the belief that we belong to the greatest Empire in the world? Are we, by doing nothing, to lose all these things? Let Mr. Lloyd deny me! (Loud applause.)

Mr. Lloyd, for the Negative, said: It was very difficult for me not to be charmed with the polished eloquence of my opponent. It has been customary in the last few weeks for me to regard everything he has said as being gospel truth (Laughter), and I find it very difficult to concentrate sufficiently to try and think otherwise. Last night he was on the opposite side of the argument from what he is to-day, and I suppose that the Recording Angel who takes down these things is now having considerable difficulty with his bookkeeping. (Laughter.) He has, with the customary Scottish caution, avoided saying anything to which I could very strongly object; (Laughter) and so, sir, on this side I will proceed to oppose what he might have said. (Laughter.)

He did quote a statement from famous bankers, but he did not remind you that other possibly more famous bankers, within a short time after publication of that first report, stated categorically that they did not agree with it, and they included such great banking houses as Lloyd's, Barclay's, etc. This must not be entirely disregarded.

Mr. Mitchell has told you that Toronto is the centre of Imperialism of this Empire, and this room at the moment is the centre of Imperialistic Toronto; so, Sir, even if I felt it my duty to suggest anything contradictory in this connection, I am too far from the door. (Laughter.) I am not here opposing the traditions of our Empire, and the great future that undoubtedly lies before it, but when these tariff proposals are put forward one wonders whether they are for the future good of the Empire. Sir John

Simon has said that the best way to strengthen ties is to loosen bonds. In the history of our Empire there have been occasions when we have forgotten that, but I would suggest that at this time in our history it is important that we should remember this.

My opponent has made the suggestion about the men who are going to sell British goods the world over; about bulk buying, quota purchasing, etc.; but I submit that these do not come within the normal outline of tariff. He suggested that this Empire would progress by imposing certain tariffs at certain points. At this moment it is my very great pleasure to oppose tariffs in the British Empire because my regard for the Empire is possibly greater than my regard for the world outside, and I believe very sincerely that the institution of tariffs in any part of that Empire cannot be for its ultimate good.

In a country like Canada, with the door a long distance away, it is definitely dangerous to deal at any length with the question of tariffs. I am not an authority on economics, and I may say that, with our great regard for broad education in Great Britain, I was trained to be a geologist, and I can find very little in geology to teach me anything about tariffs; (Laughter) but, from sources which I am prepared to trust, I learn that the institution of tariffs in other countries of the world, and one or two Dominions of this Empire, has not been without bad results. Business men at present watch with some alarm the situation in Australia. Australians are not entirely easy in their minds at the result of imposing their very high tariff. In the countries of Europe which are surrounded by very high tariff walls, such as Germany, Austria, Poland, Hungary and Czecho-Slovakia, which at the end of the war thought it was in their best interests to keep out the products of other countries, there is very grave unemployment and general economic disaster; and they are learning today, as the United States is learning, that in this world the great advantage is to those who are prepared to be neutral, not only in personal relations but in industrial and economic relations. (Applause.)

But for examples of the effect of tariffs, it is not necessary to look across the Atlantic; one can look south across the International Border. We are told that along the great United States-Canadian border there is one of the finest examples of the friendly relations between any two great nations. There is no revolver and no machine gun along that border at any point; but it has occurred to me that certain tariffs are worse than machine guns, and somehow or other the relations between Canada and the United States along those 3,000 miles of territory are not as friendly as they ought to be, and it would seem that the institution of tariffs by the United States, and later the institution of opposing tariffs by this Dominion, have not helped to improve those relationships.

Even from the Americans' own point of view, those tariffs have not helped them as they had hoped. It is not a part of United States business etiquette to agree at any time that America is anything but successful, (Laughter) but those who know are able to tell us that there are very many unemployed in the United States, perhaps 5,000,000 of them, and that conditions apart from unemployment are not just what intelligent business men would want. From my point of view it would be unwise to mention Canada, because one of the striking things about tariffs is that there are certain immediate effects to be derived from them, although in the long run their effect is not good. I suggest that the world is suffering to-day because men ten years ago were prepared to accept immediate benefits instead of benefits ten years hence. It is not for me to prophesy the results of those tariffs in ten years time, but I understand from Canadian newspapers that there have been certain effects. I gather that the average man of Toronto has to pay more for his blankets than he used to pay; that paper costs a great deal more than it used to cost; and Mr. Mitchell, who is a smoker, knows very well that if he chooses to buy tobacco that is not made in Canada it costs him three times as much as he would like to pay for it; (Laughter) and if Mr. Mitchell and myself were rich enough to buy a motor car in the

United States, and somehow get it over the frontier when nobody was looking, it would save us a great many dollars. Such things as motor cars cost a great deal more in Canada than any man has a right to expect. (Applause.)

It is customary for gentlemen who take Mr. Mitchell's stand to-day to point the finger of scorn at poor little Britain, very lonely across there, and say, "Look at Great Britain and its pig-headed, hidebound, adherence to free trade—Ramsay MacDonald, Philip Snowden, and so on." Yet one pays more attention to the suggestion when he realizes that not only in free-trade Britain is there unemployment, and difficult commercial relationships, but one finds that also in protectionist countries. If Mr. Mitchell could prove to me that it is because of free trade that Britain has 2,000,000 unemployed, I would agree that there was a case for inquiry; but we know that the industrial situation is bad in the protectionist countries as well as in free-trade Great Britain. I suggest to you that Great Britain is a remarkable example of what a free-trade nation can do under trial and stress. (Applause.) We know that Great Britain has passed through a very trying period in the last ten years, while France has felt it necessary to repudiate one-fifth of her debt. (Applause.) Britain pays good wages, produces good workmanship, and is bearing taxation that no protectionist country is bearing to-day. (Applause.)

In the British House of Commons Sir Henry Paige Wood, a thorough protectionist, asked for the comparative figures from 1880 to 1898, and he found it was wise not to use those figures in his public addresses, because they showed that to-day Great Britain is on the path of progress, and that her industrial production per head of population is higher to-day than ever before, and twice as great as that of her nearest competitor. (Applause.) You know better than I do that the engineering trade in Great Britain, judging by comparative values, is in a stronger position than ever before; and I ask Mr. Mitchell, with his detailed knowledge of the industrial situation in Great

Britain, to bring forward facts that will refute that suggestion.

Mr. Mitchell has thought it wise not to attach too great an adherence to the views of Lord Beaverbrook, who, I am afraid, is an unpopular figure over here, though I am sure he cannot be half as unpopular here as he is in England. (Laughter.) He has made suggestions, but he has shifted his ground so frequently that it is very difficult to know what he means by Empire Free Trade. But there is something in what he suggests that one might compare with some of the suggestions of Mr. Mitchell. He believes fundamentally that the British Empire is an economic unit in the sense that it can produce everything it needs for its own support. I am not an economist, but speak only along the lines of what I have learned in the geological school; and I know that you cannot, and I suggest you never can, produce within the Empire all the minerals that are essential for modern industrial life. Take one item—potash; Germany has the larger part of the world's supply, and no great country is able to progress industrially or agriculturally without supplies of potash. There are other minerals such as mercury, which is important in gold production, but very little of it comes from the British Empire; and so on, I could enumerate a dozen minerals. If Mr. Mitchell remembers what he said last night he could enumerate a dozen more. (Laughter.)

But even if it were proved that the British Empire is economically a unit, then I venture to say that the British Empire has no right to regard itself as such a unit. We must remember that in this world to-day international relationships are possibly even greater than Empire relationships. (Hear, hear.) The men who formed this Empire did so because it was the highest thing that they could see at the time; they used the finest instruments at their disposal, and they have built up the finest Empire that the world has known. Those men would not rest easy, if they were alive to-day, if they felt that we who follow in their footsteps follow along lines that are unworthy of the trail that they have shown us. They would feel that in the long run there is a greater thing than any Empire, and that is the world; that we, who are possessed of great advantages that other countries do not enjoy, would not make the best of what we have if we did not employ those advantages for the ultimate good of all.

Then I would remind you that there have been wars and rumours of wars, and we know that in Europe the situation is very difficult. In August last I found, at the Student Conference at Brussels—which is a sort of microcosm of world politics—that the relationships between many countries there were not satisfactory. Then we know that many of those difficult relationships are brought about because in some parts of the world men are dying of starvation, and in other parts men are dying because they produced too much and cannot consume what they have produced. I suggest that anything that makes even more difficult than it is to-day the process of the distribution of food from those who have too much to those who have too little, is contrary to what we should support. This you do if you build tariff barriers across the stream of world trade upon which the future of this Empire is going to depend.

We know very well that the war of the future is going to be caused by unfortunate economic conditions. We know that an economic war is always going on, and it would be contrary to the trust that has been placed in our Empire if we did anything to encourage that war. Ramsay MacDonald once said that the British Empire as existing at present is the one great barrier that separates the world from chaos, and I suggest that the proposals of Mr. Mitchell, very many of them, could only help to break down that one last barrier. (Loud applause.)

Mr. Mitchell, in reply, said it had been a pleasure to talk to an audience whose intelligence so far transcended that of the old Cockney lady who, when told that the politicians were going to do away with the Empire, replied

"Oh, that's all right; we can always go to the Hippodrome." (Laughter.) Whatever might be said by his opponent—and in such a debate they could only talk theoretically and deal in statistics—there was in the British Empire to-day, fundamentally, a great desire for tariff change, which might be an extension of the Imperial tariff position, or a revision of tariffs and the introduction of a new tariff system; but the progress to-day is not nearly good enough for what the Empire deserves. His opponent had been speaking as a geologist, and exposing some of his fossils. (Laughter.) Tariffs had been proved to enlarge exports and increase employment. If the safeguarding legislation in Great Britain should be taken away, the Imperial preferences would also go. Every attempt must be made to mitigate unemployment. He believed there was more unemployment in Canada in 1891 than there is to-day. Canada must extend and increase protection in order to prosper and meet foreign competition. The Empire must not prejudice its chances in the economic sphere. The time is now ripe for carrying out the tariff changes to protect interests which are unduly hampered at present by competition. Sir Robert Horne had shown that out of £2,200,000,000 worth of goods imported into Empire markets, only £900,000,000 came from within the Empire. Canadians should realize that they possess one of the greatest Dominions that ever existed—possibly the future centre of the British Empire. Were they going to cast away the little things that are helping them just now, merely because Mr. Lloyd said so? (Laughter.) "We need all we have; we need more; it is our duty to have tariff changes within the Empire." (Loud applause.)

The Chairman voiced the thanks of the Club for the quite unusual treat, which had been thoroughly enjoyed—the brilliant and delightful manner in which the debate had been conducted, characterized as it was by gentle humour, by light without heat.

NEIGHBOURS ACROSS THE BORDER

AN ADDRESS BY SAMUEL INSULL, Sc.D.

13th November, 1930.

MR. WM. TYRRELL, Vice-President, introduced the speaker, who was received with applause and said: It is always a peculiar pleasure to me to come this side of the border. There is no man from the good old land of England who does not like to feel himself standing on the territory of that flag; (Applause) therefore I come here with very great pleasure, and thank you most heartily for giving me this opportunity to enjoy a day in Toronto.

As I see it, in speaking to this Club, my position is that of one who, although born and brought up in your mother's house, has been adopted into a good neighbour's family.

I was not cast out of my mother's house. I had not quarreled with my homeland or its institutions. But opportunity offered; perhaps I may say adventure called. It was an adventure to uproot myself from Britain and to come to America at the age of twenty-one. When I embarked I do not think I was consciously seeking adventure. I perhaps thought of myself as a lad who had been fortunate enough to get a job with a man he admired tremendously. Possibly the spirit of adventure was there, however, deep down, because, in direct opposition to what seems to be the general belief, Britons are mostly adventurers under their skins.

I do not think I offend Canadians when I speak of Britain as "their mother's house".

> "Daughter am I in my mother's house,
> But mistress in my own."

Kipling quoted the Voice of Canada as saying this many years ago. It was at the time of Queen Victoria's Jubilee, if my memory serves, and it seems to me to be the perfect description of Canada's relation to the Empire. But a daughter is a daughter—with the British right of free speech. Therefore, sometimes, you achieve a position of great influence in your mother's house. Evidence of this was the speech of your Dominion Premier within the last month or so at the Imperial Conference table, which I think is likely greatly to affect Britain's domestic fiscal policy.

Nor do I think I offend Canadians when I speak of my adopted country, the United States, as "a good neighbour". The neighbourliness of the two countries is proved by a boundary line 3,900 miles long which, in more than a hundred years, no citizen of either country has ever crossed except in amity and goodwill. It is a frontier which isn't a frontier. On your side, there are a few immigration and customs officers; on ours, the same, plus some prohibition inspectors. (Laughter.) Three thousand nine hundred miles of frontier, with never even a dream of fortifications at any place in its length for a hundred years and more; a frontier where a passport is excess baggage.

Of course there is every reason why we should be good neighbours. The possession, largely, of the same origin, the use of the same language, and the partial similarity of our institutions, help to make us such. In addition, each is the other's best customer in the markets of the world. If we are intelligent we treat our best customers with respect. The fact that they are our best customers makes it easy for us to like them. (Laughter.) That is human nature, for which no workable substitute has yet been found. And whatever names those amongst us who work for money may be called, the progress of humanity is based upon the exchange of service and commodities between individuals, communities and countries; in other words, is based upon "trade".

Therefore, the welfare not only of ourselves and our countries, but of civilization itself is benefited by the very human trait of finding it easy to like good customers. Exclusive of grain, the people of the United States sold to the people of Canada last year (1929) commodities worth practically $900,000,000. Why, we couldn't help liking you if we tried—after you had purchased such a bill of goods. The principal items in the this bill were coal, petroleum and its products, and the like, $155,000,000; automobiles, trucks, and such things, $98,000,000; iron and steel products, machinery and equipment, $268,000,000. Canada sold to the United States last year, including grain, commodities worth more than $500,000,000. The largest item in your bill was paper, pulp, lumber and other wood products. Through these direct exports, each Canadian received about $50 apiece from us.

But you did not stop there. Our Department of Commerce reckons that our tourists paid you for food, shelter, scenery— and other items—around $289,000,000, and that investments of United States citizens in Canada run to $287,000,000. Besides that, Canada has other sources of revenue from the United States, which a life-long teetotaler perhaps should not mention, and which our Department of Commerce does not countenance. But I am told that these unmentionable liquid exports to the United States run into a considerable sum. In the light of these circumstances, it would also be pretty hard for you not to like us, if you wanted to. Naturally you do want to like us, though. We all have the will to get along together, as well as very good reasons for getting along together. Therefore, there is every reason to believe that our respective frontiers will go unguarded for the next hundred years, and that passports will always be unknown to us.

The fact that we are neighbours, and good neighbours, does not necessarily mean that we must always agree in all things, though. Perhaps the best trait in any good neighbour, whether such neighbour is an individual or a nation, is that he or it shall mind his or its own business. To mind one's own business is, to me, the very height of neighbourliness. None of us ever heard, I think, of a quarrel between nations or neighbours that was brought about through both of the parties attending strictly to their own affairs. Not to be interested in a neighbour's welfare, however, is to be as unneighbourly as unwarranted interference in his business is unneighbourly. For me personally, not to be interested in the welfare of Canada would be a real offence, for, as I have said, I am of your mother's house. I have been and am loyal to the country which gave me opportunity and which I adopted. But there is in my heart still a deep feeling for that old mother and for the flag that floats over her. (Applause.)

That feeling for the Mother Country includes affection for her proud daughter, Canada. The companies with which I am connected have considerable investments in Canada, and we are likely to invest a great deal more on this side of the border. (Hear, hear.) Sentimental reasons upon the part of my brother, Martin J. Insull, and myself started us looking in this direction. We believe them to be good investments, of course, because we have faith in the future of Canada. But we might have found some other place to invest this money if we had not once called Old England "Home", as many of you do now.

But let me emphasize that we have faith in the future of Canada. This heritage of yours is a vast domain. This one province of Ontario has a greater area than most of the major nations of the world. It has natural resources greater than most of such nations. The natural resources of the whole Dominion are almost beyond the conception of men. From the point of view of the United States, and considered with regard to population and development, these resources have hardly been scratched. It is the hope of my brother and myself, and of those associated with us in our Canadian venture, that we may be of some small help in the development of your resources. (Applause.)

Speaking both as a friendly neighbour and as one with a stake in your country, Canada's greatest present need is industries. Particularly, she must build up her manufacturing industries, for these bring people to settle your country and to consume your agricultural products. To build up your manufacturing industries, I hope I may not be accused of meddling more than a good neighbour ought, if I say I believe Canada needs a protective tariff. (Hear, hear, and applause.) I was brought up a firm adherent of the old Manchester "free-trade" school of thought. But through my residence in the United States and my experience there of nearly fifty years, I have come to believe that the protective tariff policy was and is the best policy for that country.

Canada and the United States are alike in so many things, and they are so particularly alike in geography, almost untouched resources and standards of living that, while I may be wrong, I believe a tariff policy which has helped one side of the border until it has become a great manufacturing country may also help to bring about the same result on the other side of the same border. I do not mean to say that Canada and the United States should match tariff walls, or that there should be any attempt to maintain parity between the tariffs of Canada and the United States. Canada and the United States have too many mutual interests for a tariff war to be profitable to either.

Nor do I oppose the idea that you should give preference to your Mother Country, and my Mother Country, in your tariff schedules. But because the United States is your neighbour, and your best customer, and because you are our neighbour and our best customer, I believe each in its tariff laws should give consideration to the needs of the other. They have so many things in common that it seems to me that Canada and the United States should each help to develop and build up one another; that neither should seek advantage to the disadvantage of the other. It is not my intention to offer a formula to either country; what I am trying to do is suggest an objective for both countries.

My chief business is the electricity supply business, and I usually talk about that business when I talk at all. Some of the people who know me well might think that, if I ever addressed an audience without mentioning that business, it would be because I was in ill health. In the States, we regard electric power as one of the foremost aids to our rapid general development in the two past generations, and particularly in the last decade. With us, electricity has not only been the means of providing home comforts, but also the means of advancing industry.

To us, who are on the outside looking in, it seems that here in Ontario you have used a great electrical advantage—the natural power from Niagara Falls—for the purpose of solidifying voters at the expense of industry. In other words, we believe that in Ontario you have a political basis for your electric rates while we have an economic basis for ours. On our side of the border we believe industry in our country has advanced more under our kind of rates than industry has advanced in the Province of Ontario under your kind of rates. Take Niagara Falls as an example. There both countries share the tremendous natural power of the Falls. Ontario has the lower domestic rates, and on our side we have lower industrial rates, so that on the New York side there are great chemical works and other industries which employ thousands at high wages, thus creating great industrial communities, whilst on your side there are chiefly high-lines. Something similar is true as between Ontario and Quebec. Ontario has political rates; Quebec has economic rates. That is the difference between public ownership and operation and private ownership and operation.

But I think I said something about the obligation of a good neighbour to mind his own business. (Laughter.) I hope you will forgive me, however, because, as I have said, I have a stake in this country, and also because we operators on my side of the border have Ontario's domestic rates flung at our heads pretty often. But nothing is ever said of your industrial rates. Therefore, I have taken advantage of the opportunity to tell you what, as an operator, I think of your whole scheme of rates, here to your faces, and not some hundreds or thousands of miles away and behind your backs. (Laughter and applause.)

As a final word, let me say just a little about the times through which we are passing. It was my privilege last Thursday night to speak to a group of the younger business men of Chicago. For them I recalled the various periods of business depression I could remember in my own business experience in that city, extending over a period of some thirty-seven years. I remembered six such times of depression or panic—some of which were very bad indeed, while others were of less importance. But I also pointed out that the progress we had made in that same thirty-seven-year period surpassed the progress of any like period in our entire history. So I draw the conclusion that business depressions, even panics, are of only passing moment after all; that they are only incidents in the history of a people.

Some people call me a chronic optimist, but I have lived a fairly long life, and as I told the young men of Chicago, I have come to have more faith in my own experiences than I have in statisticians and economists. Speaking out of my experience, I have a firm faith that your country and my country, that both sides of our long frontier, have high destinies; that their resources will be developed, and that their people will prosper beyond the present knowledge or dreams of men. And it is my devout hope that the destinies of both peoples may be achieved with an ever unfortified, undefended frontier, along which a passport will always be unneeded or unknown. (Loud and continued applause.)

ARTHUR HEWITT, ESQ., in conveying the thanks of the Club to the speaker, said that his coming and giving such an address formed an event in the life of the Club.

WOMEN 1830 AND 1930

AN ADDRESS BY HON. CAIRINE M. WILSON, CANADA'S FIRST LADY SENATOR.

20th November, 1930, (Ladies' Day).

MR. WILLIAM TYRRELL, Vice-President, introduced the speaker, who was received by the audience rising and loudly applauding. She said: For some weeks I have been marvelling at the temerity with which I agreed to come before the members of the Empire Club, for, I confess, I was completely overwhelmed when the list of previous speakers was shown to me. Until your invitation was conveyed to me the day preceding my introduction into the Senate of Canada, I did not quite realize that from a position of obscurity I had suddenly emerged into prominence.

My promotion has come to me so easily that I feel I should like to give the credit to the members of my sex, who have struggled so long and courageously for those privileges which we accept naturally to-day. History has shown many isolated instances of famous women, but these took no part in bringing forward their sisters. At the close of the 17th Century, women were brought up with the idea that they were physically and mentally incapable of rising to the level of the men.

Our native Indian must have had a different conception of women, for Samuel Hearne, who left the first record of exploration from Fort Prince of Wales (now Fort Churchill), tells of his conversation with the Chief Matonabbee. Hearne's first two attempts to reach the Coppermine River, toward which he had been lured by stories of copper treasure, failed, and Matonabbee gives this reason:

"In an expedition of this kind, when all men are so heavily laden that they can neither hunt nor travel to any distance, should they meet with success in hunting, who is to carry the produce of their labour? Women are made for labour. One of them can carry or haul as much as two men. They also pitch our tents; make or mend our clothing; keep us warm at night. In fact, there is no such thing as travelling any length of time in this country without them; and yet, though they do everything, they are maintained at a trifling expense, for, as they always act the cook, the very licking of their fingers is sufficient for their subsistence." (Laughter.) Hearne's third expedition, when he was accompanied not only by Matonabbee, but by the Chief's two youngest and, presumably, most attractive wives, was successful, and on his return trip he arrived at Great Slave Lake on Christmas Eve, 1771.

For thousands of years we have been obliged to accept a man-made estimate of our capabilities, and to rely for recognition upon his favour. Is it any wonder that each woman strove to supplant the other, and we were accused of jealousy and strife? This is now past, and those of us who have attained to a certain position must strive to show ourselves worthy.

In 1775, Elizabeth Montague proposed to found and endow a college for the higher education of women, but, offering the post of Superintendent to Mrs. Barbauld, was crushed by the dictum of that monument of respectability—"Young ladies, who ought only to have such a general tincture of knowledge as to make them agreeable companions to a man of sense, and to enable them to find rational entertainment for a solitary hour, should gain these accomplishments in a more quiet and unostentatious manner—subject to a regulation like that of the ancient Spartans. The thefts of knowledge in our sex are only connived at while carefully concealed, and, if displayed, punished with disgrace."

This opinion was endorsed by Dr. Gregory with a certain irony in 1784 in his "Legacy to his Daughters"—

"If you happen to have any learning, keep it a profound secret."

Mary Somerville, the earliest woman scientist, whose name is perpetuated by the first women's college founded at Oxford, writing of her first experiences at school at the age of ten (in 1790) relates: "A few days after my arrival, although perfectly straight and well made, I was enclosed in stiff stays with a steel busk in front, while above my frock bands drew my shoulders back till the shoulder blades met. Then a steel rod with a semicircle under the chin was clasped to the steel busk in my stays. In this constrained state I and most of the younger girls had to prepare our lessons. The chief thing I had to do was to learn by heart a page of Johnson's Dictionary. From my earliest years, my mind revolted against the oppression and tyranny, and I resented the injustice of the world in denying all those privileges of education to my sex which were so lavishly bestowed on men." It must be confessed, however, that these restraints were largely inflicted by the women themselves, although the underlying motive was probably to please the male. Mary Somerville did not in any way conform to the popular conception of the blue stocking; she was a lovely girl, known as the Rose of Jedwood, and kept her beauty to the last day of her long life. She loved dancing, music and plays, made all her own dresses even for balls, and was fully capable of taking her part in the work of the house. Nor was she averse to marriage, for at 32 years of age she married her third husband, Dr. William Somerville, who was proud of his wife's researches and stimulated her efforts.

The education of women did not receive much more consideration in the United States in 1830, for at this time Margaret Fuller decidely upset the conventions of the staid City of Boston by sitting down at a table in the Public Library to read a book.

In 1833, Oberlin College in Ohio was opened, and there boys and girls, both black and white, were admitted on equal terms. It was the first college in the world to admit women in this way, but even the coloured boys shared the common view of women, and, when not able to pass the entrance examinations, objected to being coached by Lucy Stone.

Teaching was practically the only employment open to women of the middle classes in the first half of the 19th Century, and many attempted to teach who had received no education themselves; it was only women with exceptional powers who tried to surmount the difficulties of obtaining instruction. Tennyson's *Princess* appeared in 1847 with its suggestive words:

"I would build far off from men a college like a man's,
And I would teach them all that men are taught".

The very distinguished former principal of Cheltenham College, Miss Lillian Faithfull, held a position on the Royal Holloway College, when first opened in 1886, and there the founder had made such careful provision to prevent the intrusion of the male that Tennyson's words might have been written over the gateway, "Let no man enter in on pain of death".

The women in Ontario have never suffered to the same extent from discriminatory laws as in other parts of the world, and must study to understand the reasons which brought about the militant measures to which our sisters were driven in England. The fight for the franchise lasted for sixty-five years, and you may be surprised that the help and co-operation of women were welcomed as far back as in the days of the Anti-Corn Law League, which prided itself on its band of women workers. Cobden expressed a wish that the women could vote, at one of their big meetings in 1845. In 1866, Miss Emily Davis, a quiet, gentle little woman, who helped at a later date to found Girton in Cambridge and was its first principal, came to John Stuart Mill with the first petition for votes for women, and among the names inscribed upon it were those of Mary Somerville and Mrs. Henry Fawcett. The latter never ceased the struggle until the final victory sixty-two years later.

This agitation and Florence Nightingale's splendid work in the Crimean War had an effect upon the imagination of the public, and strengthened the women's cause. It is difficult for us now to realize that when Florence Nightingale began her great work there were loud cries that she was stepping beyond women's sphere.

The following year, 6,000 women householders, led by Miss Lydia Becker, claimed the right to vote, and four cases were selected and argued before the Court of Common Pleas on November 7th, 1868. Sir John Coleridge and Dr. Pankhurst pleaded for the women, but the verdict was given against them, the Judge deciding that, although the word "man" must be held to include women, this did not apply to privileges granted by the State.

A report of the Manchester National Society for Women's Suffrage put it: "The same words in the same Act of Parliament shall for the purpose of voting apply only to men, but for the purpose of taxation shall include women."

The first Statute of importance which affected the civil position of women was the Married Women's Property Act, drafted by Dr. Pankhurst and passed in 1882, after an agitation of nearly thirty years. This ensured that any real or personal property belonging to a married woman or acquired by her should be hers to hold and dispose of in any manner she saw fit. (Do you know that to-day in Italy a bride's property passes to the husband on marriage, and she can neither have a bank account nor sign a cheque?) In 1886, by the Guardianship of Infants Act, a mother was allowed to act as guardian to her own children. In earlier days the father had the control over the persons, education and conduct of his children until they were 21. In one case a father, having left his wife for another woman, insisted on his right to take the three children of his marriage, all under five, away from their mother to live with him and his mistress.

From 1866 to 1906 marks a long period of struggle. On February 1st, 1906, Mrs. Fawcett organized a procession of suffragettes, one half-mile long, which marched in the rain to Exeter Hall through such mud that it was afterwards known as the "Mud March". Zangwill, speaking at Exeter Hall, said: "They are unwomanly—and therein consists the martyrdom of the pioneer . . . they have to be unwomanly to promote the cause of womanhood. . . . For fifty years now, woman has stood crying: 'I stand for justice—answer—shall I have it?' To-day she cries: 'I fight for justice and I answer that I will have it.'"

We all have read of the heroism and sacrifice of these suffragettes, and how they were ready to suffer any abuse or indignity for the cause which they held dear. Those of us who had the privilege of meeting and listening to Mrs. Pankhurst found it difficult to believe that this quiet, gentle, motherly woman who spoke with such eloquence could be the fiery apostle of whom we had heard so much. Mrs. Pankhurst was imprisoned no less than fourteen times. One beneficial result of the incarceration of the suffragettes was that prison conditions were investigated, found to be appalling, and long overdue reforms were finally instituted.

The War gave the women the chance to prove their capacity, and they rose to the emergency with extraordinary ease. No job was too hard, too difficult, too laborious or too tedious for them, and their desire to help seemed to gather momentum as the weary years went by. When the munition question became acute, it was to Mrs. Pankhurst that Lloyd George turned in the hour of the nation's great need, and well did the suffragettes justify the trust reposed in them. Three women doctors, who had in the first instance been forced to fight to be allowed to study medicine, organized a splendidly equipped hospital unit, but when Dr. Inglis offered to place it at the disposal of the R.A.M.C. she met with a rebuff: "Dear Lady, go home and keep quiet." This did not deter the women, for they offered themselves to the French Red Cross, and their unit later developed into the Scottish Women's Hospital. Their work drew at length from the army authorities the admission that they were worth their weight in diamonds.

Early in 1918 a Bill was introduced in the British

House of Commons granting a measure of Woman's Suffrage to those whose husbands were on the register, and with an age limit of 30. The voting showed a majority of 7 to 1, and on the third reading was practically unanimous. The long-looked-for triumph had come. Finally, in 1928, the so-called "Flappers' Bill" gave to the women the right to vote on the same terms as the men.

We, in Canada, have obtained the vote with so little difficulty that I fear we do not sometimes value it as we should, and I should like to urge every woman to use her ballot to the best of her ability. With many questions we have a more intimate acquaintance than men, and already women's influence has brought about some much-needed social reforms.

All kinds of new avenues have been opened for us, and the woman with no financial means is no longer compelled to live the dreary life of an unappreciated drudge. I scarcely think, however, that the more highly specialized professions need fear a serious encroachment upon our part, for in the heart of every woman is the longing for husband and children, and the words of Jesus are still true to-day: "A woman, when she is in travail hath sorrow, because her hour is come, but as soon as she is delivered of the child, she remembers no more the anguish for joy that a man is born into the world."

The speaker resumed her seat amid loud applause, which was renewed when the Chairman presented her with a large bouquet of Crysanthemums, which she acknowledged with thanks.

MRS. VANKOUGHNET conveyed the thanks of the Club to the speaker in a gracious speech.

THE IMPERIAL CONFERENCE AND CANADA'S ECONOMIC PROBLEMS

An Address by PROF. W. W. SWANSON, M.A., Ph.D., of the University of Saskatchewan.

27th November, 1930.

Prof. Swanson was introduced by the Vice-President, Mr. Wm. Tyrrell, and spoke as follows: In undertaking to discuss before you to-day the question of the Imperial Conference in relation to the economic problems of Canada, I am aware that I am attempting to deal with a matter which is, at the moment, attracting more attention than any other question, and which, in its complexity, is one to make it necessary for me to weigh carefully what I say and to ask your indulgent attention. I propose to commence by attempting to define what is the economic problem facing our country to-day. It assuredly is not one of production, despite the many improvements which might be made in our productive methods. Since the termination of the War, this country, which was steadily and rapidly expanding its productive organization before 1914, has entered on a phase of increase in the production of our agriculture, of our minerals, of our forest products and of our manufactures, which is almost unprecedented and unparalleled. The following figures will illustrate this point:

Total gross production of chief activities in Canada:

	1921	1927
Agriculture	1,485,109,796	1,878,093,214
Forestry	348,032,597	453,694,831
Fisheries	43,456,342	63,876,559
Trapping	9,527,029	17,640,781
Mining	171,923,342	279,873,382
Electric Power	73,376,580	134,818,567
Construction	259,641,859	488,439,727
Custom and Repair Work	89,108,737	116,082,000
Manufacture	2,534,315,435	3,425,498,540
	4,626,589,036	6,180,559,051

These are but a few of the major items, and the catalogue might be continued indefinitely if it were necessary, as I am sure it is not, to stress the point that, despite our frequent attacks of pessimism on the growth and progress of Canada, this country shows not the slightest sign of failure to expand its production in every line, at a rate which must cause every Canadian to feel pride in his citizenship in one of the most progressive of modern nations. (Applause.)

To interpret production in terms of national prosperity, however, requires that we shall distribute our products in volume sufficient to absorb them and at prices which would be remunerative to the capital and labour involved. It is to be regretted that in recent months this has not been the case. Without attempting to analyse this tendency to a shrinking in both the volume and the price of our products which the markets of the world can absorb, I may illustrate the case by reference to what has long been regarded as our staple product and the chief commodity of our export trade—I refer to wheat. There exists a tendency, at the moment, to lay stress on the increase in diversification of our national production, to talk of the end of the agricultural era and of a swing to mining and manufacturing. I am quite willing to accept as entirely desirable, from the national standpoint, every indication of this change, but I ask you to remember that agriculture in general, and the production of wheat in particular, still remain the main-stay of our economic life. I feel that this is not only true at the moment but inevitably true for many years to come. You are familiar with the general geographic outline of our country; you are aware that by far the greatest portion of our national resources of fertile land lies in a great block on the western plains, in a climate and with a soil especially adapted to the production of wheat of the highest quality; you understand that wheat, the world's staple food, is of all agricultural products, the one best adapted to production with a minimum of capital investment, to transportation in great bulk and to the market needs of other countries. In Western Canada the farmer turns in increasing degree to other types of agricultural production, basing them first on the supplying of the needs of his own household, and of the many prosperous communities which to-day dot the great plains. It will, however, be a long time before the population of Canada is sufficient to absorb the entire agricultural production of the country, and until that time comes it is to be expected we shall continue to find in wheat the product most readily marketed abroad.

Despite the desirability of an increasing proportion of manufacturing and other industries in our economic life, there are sound biological and sociological reasons for trusting that agriculture will maintain its place in the national structure of society; and I therefore not only believe but hope that those who assert that wheat will cease to hold its present position in the economics of Canadian production are wrong.

Now, I shall not attempt to discuss in detail the growth of what, to-day, we may fairly call the problem of marketing the Canadian wheat crop. I shall not add my voice to the chorus of those who argue that the Wheat Pool has been responsible for the breakdown of our marketing system, nor shall I support the theory that those who once bought Canadian wheat to-day prefer the grain of other countries. I do not believe that either of these views is in any way representative of the truth. To me it appears that the present low price of wheat and its present slow movement to market may be very simply explained, when we consider that a temporary financial depression exists in all occidental countries, and that unquestionably a momentary apparent surplus of wheat is available for the market.

It will be noted that I lay stress on the temporary nature of these conditions, and I believe that I am right in taking this view. There does exist a financial depression but does it affect wheat alone? Far from it! Cotton, rubber, wool, tin, copper, lumber and every primary product in the world feel the same difficulty. Such a general condition can only be temporary. It is true, also, that there is a momentary surplus of wheat above the immediate needs of world markets; but can it be said that this, in any sense, represents a condition of overproduction? I think not. I find, on examination, that the production of wheat in those countries for which statistics are available, and which include every important wheat producing country except China, remains fairly constant except for the ordinary fluctuations that mark a change from years of good harvest to those unfavourable seasons when yields are low. I see no sign of wheat production outrunning wheat consumption, if wheat consumption per capita is to be based on a reasonably constant purchasing power. I do not even admit the often-made assumption that wheat prices have tended to be too high for the purchasing power of the importing nations, and that we face a permanent correction of prices downward before consumption can again be normal; and I base this view on the obvious fact that, far from the recent collapse in wheat prices having tended to stimulate the use of wheat, it appears, presumably by its unfavourable reaction on the general economic system, to cause an actual slackening in the demand for this product.

It might, at this point, be said that if I argue that the world wheat situation is basically sound, and if I assume, as I do, that the present financial problem is purely temporary, there exists no real wheat problem. That would, of course, be ridiculous. This country has wheat for sale and this country must sell wheat at a favourable price in order to avoid a national calamity. There is a wheat problem, and no amount of faith in its ultimate solution by the mere passage of time can alter that fact. There are 250,000 farmers on the plains of Western Canada, who see their product to-day selling at a price which makes it impossible for them even to maintain a reasonable standard of living, not to speak of their essential duty of meeting the obligations which they have incurred in establishing their homes in a new country.

Now, how, if at all, can this problem be solved? I have said that it is not our only problem. From the salmon fisheries on the Pacific coast to the lumbermen in the woods of Eastern Canada, similar problems exist, each as intrinsically important as that of wheat, each of as pressing concern to those whom it directly affects. I deal with wheat because it the greatest of our products in volume and in value, and because what I have to say concerning the solution of this problem will apply, almost without exception, in the case of every other commodity.

In the case of wheat, the solution, obviously, since it is one of marketing, must lie chiefly not here but where we sell our wheat. The great market for Canadian wheat is to-day, as ever, the British Isles. We hear with pleasure of new markets being opened in other countries; we watch with interest the increasing consumption of wheat in the crowded Orient; and we send agents to introduce Canadian flour in countries where it has hitherto never been known. These are all important and desirable developments, but none of them, in my opinion, offers a solution of our marketing difficulties. If we are to sell Canadian wheat in the volume and at the prices which will enable Canada to prosper, we must find our chief market, as ever, in Great Britain.

Great Britain occupies a position unique in economic history. Its insular location, its commanding place in finance and world trade, and the maritime spirit of its people, combine to make it the world's great market for foodstuffs and raw materials. Were the people of Great Britain to cease to import wheat from other countries, the economic position of agriculture throughout the world would be altered beyond recognition. Now, whence does this country, occupying this extraordinary position, at present draw its supplies of grain? In the six years from 1923 to 1929, the imports of wheat into Great Britain came from the following countries:

Country	Bushels
Canada	78,000,000
United States	65,000,000
Argentina	37,000,000
Australia	26,500,000
Other Empire Countries	12,500,000
Other Foreign Countries	7,000,000

It will be noted that in this list Canada comes, not only first, but easily first; and this very fact, on which we may legitimately pride ourselves, lends special stress to the importance of Great Britain as a market in the case of this country. Again, I am not going to delve into the details of recent history in the matter of British purchases of wheat from Canada. I am going to take the situation as it is.

At the present moment Canadian wheat, as always, holds the premier place in reputation and in quality in the British market. As always, it is a matter of pride among the importers of grain in Great Britain that they use Canadian wheat in preference to others. As I have said, however, temporary financial depression and a momentary surplus in the market, together with another influence to which I cannot refer at this point, tend to lessen the advantage which we hold, and there is no question that the immediate solution of our wheat marketing problem depends on the willingness of the buyers of wheat in Great Britain to increase their proportion of purchases from Canada. This, then, is the economic problem of Canada, at least in the matter of wheat. We must endeavour to solve it by finding some method of inducing the buyers of wheat in Great Britain to return to their customary preference for Canadian wheat, and, in my opinion, we must take precautions to see that this preference is never lost again.

Some weeks ago there assembled in London a Conference from all the nations of the greatest Empire in history. Australia, India, Ireland, Newfoundland, New Zealand, South Africa and Canada sent their delegates to London to confer with His Majesty's Government for Great Britain and Northern Ireland in an effort to find a formula which would create economic integration of the Empire. There were other questions to be discussed at this Conference. There were details of constitutional practice, matters of Imperial defence, but in the words of General Hertzog, Prime Minister of South Africa, the Conference of 1930 met with constitutional problems largely solved, and for the first time to deal with those of economics.

The atmosphere in which the Conference assembled is worthy of some thought. It would be obviously improper for one who, even in a humble capacity, sat as an advisor at this historic meeting to touch, even by implication, on the intricate question of domestic British politics. This audience, consisting of the intelligent leaders of public opinion in a great city have, no doubt, the information needed to form their own opinions on these points. What I may be permitted to discuss is the economic atmosphere of Great Britain at this moment and its inevitable effect on the opinions of the proud people of a proud nation.

In Canada, we are apt to think of Great Britain as a weary Titan bearing great burdens and struggling for economic existence. Great Britain, to the visitor, is essentially London, and of London I can only say that nowhere on the face of the earth will be found luxury, wealth and the outward evidences of prosperity on a similar scale. I shall not attempt to detail them, I shall only say that from the shop windows of Bond Street to the well-dressed and well-fed people who have replaced the tattered paupers of Whitechapel, London gives the outward impression of a great and prosperous capital of a great and prosperous nation. Behind this lies the reality. There are 2,300,000 unemployed people in Great Britain. The nation is living on its capital. The great industries of the industrial North are stricken with paralysis. Isolated cases exist of unprecedented booms, as in the fine steel industry of Sheffield, the radio industry and the luxury trades; but, on the whole, there can be no doubt of this serious condition of British industry and commerce.

The very courage of the British people is to-day, perhaps, their greatest danger. The ordinary citizen sees around him the pageant of Empire, the vast movement of a great national life. He sees His Majesty, the King, going to open Parliament with all the ceremonies of a thousand years; he sees the Lord Mayor of the capital of the world moving in pomp and splendour to the Guildhall. He sees the great ones of the land about their duties and their pleasures, attended by every comfort of life. It is not to be wondered at that he is slow to realize that this may cease to be.

In quiet offices on Whitehall, in the universities, in the editorial rooms of great journals and in little conferences in private homes, the intelligentsia of the nation talk otherwise. They look beyond the glittering surfaces and see the realities which lie behind. They, too, have courage, but it is not the blind courage of ignorance. It is the courage of national leaders, some ready to step forward on new paths which they hope will lead the nation to recovery, others, I fear, tramping with eyes deliberately closed along the beaten road of ancient dogma.

On the whole, I believe that the forces of progress tend to triumph. I believe that in every economic group those who see the need of change are actually in the majority. Bankers and business men, shipping magnates, trade-union leaders, all are willing to deal with actualities, and to throw aside outworn practices and shibboleths. No political party is without its element ready to achieve progress and reform. Britain, perhaps, is not ready to act to-day, but action will not be long delayed. (Applause.)

These men see a world undergoing a period of recrudescence of political and economic nationalism. They see vast forces of economic integration, such as the great Cartels. They see the forces of disintegration and of financial disorganization. They see one of the greatest nations of the world waging war against civilization by an economic policy best described as the starving of their own people to implement doctrinaire theories, and to strike a blow at the hated capitalistic structure of western Europe and America. These leaders of opinion realized that when the Rt. Hon. R. B. Bennett at the first session of the Imperial Conference made his offer, he offered something that was not a selfish and narrow policy intended to benefit Canada alone, but adapted to provide for Britain that security for the future, that correction of her present precarious position that Britain needs as much as Canada.

Now, what was it that Mr. Bennett offered? There are those who argue that he offered to make England rich by taxing her food; there are those who suggest that he offered mere empty phrases incapable of translation into realities. I can only give one man's opinion on this point. To me he offered something very different from this. He offered a system for the mobilization of the raw materials, of the finance, of the transportation, of the business capacity of one-quarter of the world which, properly applied, would, in my opinion, create the greatest economic power in history. He offered a project for the integration of the nations who hold in trust the vastest unutilized resources that any body of people in the world have ever commanded. He insisted that each part of the Empire must develop its own resources, that we must have a program under which each portion of His Majesty's Dominions would make itself strong in order that the whole might be stronger. That is Mr. Bennett's offer as it appeared to me in London and to those in England who read it with care and without prejudice. It was not a suggestion of a small addition to the Canadian preference on British goods, although this detail was mentioned as a symbol of the whole project. Mr. Bennett, backed by the Prime Ministers of the other Dominions, made it clear that they had in mind a general co-ordination of Empire economic activities, that should result in the full development of a system by which the Empire would do all the financing of the Empire; by which Empire ships would carry Empire trade; by which the development of the great natural resources of the Dominions would be a field for all the energy and initiative of the Empire; by which the factories to be built in the newer countries as a part of their legitimate development would be built by British capital, equipped with British machinery, and manned by British people. (Applause.)

Even the mere detail of a slight increase in tariff preference is capable of producing impressive results. It is a fact that less than half of Britain's foreign trade to-day is with the Empire, but is it a fact that this is inevitable and unchangeable? I think not. In the case of this Dominion alone, I believe examination of our trade statistics will show the possibility of the diversion to Britain of a volume of Canadian purchases sufficient to exercise a tremendous effect in restoring the prosperity of Britain. We hear much of the great market for British goods in Argentina. I sincerely trust that Britain will find it possible to hold and develop this market, but I have no hesitation whatever in saying that a concerted effort to direct Empire trade in Empire channels would make it possible for Canada, without a loss of a dollar's worth of domestic production, to divert to Britain a volume of purchasing in excess of Britain's whole export trade with Argentina.

To those, then, who argue that the offer of the Dominion Prime Ministers had nothing of value to Britain in it I offer these facts: I inquire whether a system that would make Britain economically dominant in one-quarter of the world, without fear of competition, has not at least the possibility of benefit to the Mother Country? Is this not a *quid pro quo*? Is this not something substantial? Is this not a sufficient answer to those who imagine that the Prime Ministers of Canada and the other Dominions held so low an opinion of the intelligence of the people of Britain as to offer them a mere shadow in return for substantial concessions? In my opinion, this is the only solution of our problems. It is the first time that we have suggested bringing into one concerted force all the economic power of the Empire.

Against this but one argument has been offered, the ancient doctrine of freedom in trade. Mr. Chairman and Gentlemen, I wish to say that I am a free-trader. In London I conceived that, in supporting the Prime Minister of Canada in what I believe to be one of the outstanding statesmanlike offers in the history of the Empire, I was doing more service to the ideal of world freedom of trade than I could have accomplished in any other manner. Where, in all the long and vexed history of the struggle to accomplish something for the benefit of humanity by the removal of unnecessary barriers, can there be found an opportunity as great as that which would set on the road to complete, fair and equitable exchange of commodities one-quarter of the human race? Moreover, I felt that I was assisting at the mobilization of the greatest army in history for the penetration of unjust trade barriers raised by foreign powers. And above all, I could not forget that I am first and last a Canadian, with an abiding faith in my country's destiny and the role it is to play inevitably in helping to create Empire opinion, and in consolidating the economic interests of the greatest political entity known in the history of mankind.

Now, how are we to show that this program would have directly and tangibly aided us in the solution of what I would call our typical problem of the marketing of wheat? I cannot, in this short address, attempt to deal with this subject in detail. I can only say that it can be demonstrated beyond the peradventure of a doubt, that the application of a small tariff preference in favour of Empire wheat would immediately cause Great Britain to draw her supply of this staple foodstuff from the Empire sources—Canada, Australia and India—without in any way exposing the consumers of bread in Britain to any danger of exploitation by unreasonable price increases. I do not hesitate to say that this statement can be defended by facts and figures which, I am confident, would satisfy the keenest critic. That these facts and figures were not examined at the late Conference is to be regretted; but, as I have already said, it would be improper for me to go too far into a description of detailed occurrences at the Conference. Note that I have said that no unreasonable price increases would result to the British consumer. I shall frankly and honestly say that I should expect some increase in price, for, at the present time, wheat is selling, not at a price set by fair and open competition, but at levels to which it has been lowered by the slave labour of the Soviet Republic, driven by a heartless group of fanatics who do not scruple to starve a nation in order to make a case. I admit that I am anxious to see wheat selling at a price which will return a fair reward to the producer and free of hysterical competition of this kind, and I believe that, anxious as the people of Britain are to protect themselves from exploitation in the prices of their foodstuffs, it will be hard to find even a handful there who do not accept this view.

It is important to correct any impression that may exist that, because the Dominions approached the British Government with a prepossession in favour of tariff preference, they were unwilling to consider tangible alternative offers. During the sittings of the Conference the press carried many references to supposed British offers of the bulk purchasing of wheat, of boards to control the import of wheat, and of systems by which a fixed quota of Empire wheat would be used in Britain. It would be highly improper for me to attempt to discuss in detail the reasons which led to the rejection of these alternative solutions in the case of bulk purchasing and import boards, and to a decision to postpone final consideration of the quota system. I may say without any breach of confidence that it is a great mistake to believe that the British Government made definite offers of any of these systems, which were refused by the Dominions. These projects were all submitted to the Conference for examination and discussion. They were considered without prejudice, in the fairest and most friendly of spirits. That none of them was found capable of immediate establishment was not owing to any unwillingness of the Dominion delegations to consider alternatives to tariff preference, but entirely owing to inability of the Conference to accept any of these schemes as immediately workable.

You will undoubtedly be told that the Conference failed. I have told you that, in the circumstances in which it assembled, it would have been impossible to achieve complete and immediate success. It has not failed. The economic discussions have been adjourned to be resumed at Ottawa next year—the first time that an Imperial Conference has met except in London. This in itself is significant as showing the growing importance of the opinion of the Dominions, and indeed it will rank as one of the milestones of Imperial history. It is an outstanding personal triumph for the Prime Minister of Canada. Once more we have a man among us who is bold enough to be honest, and honest enough to be bold, and public opinion in Great Britain has not failed to appreciate that fact. Without the Rt. Hon. R. B. Bennett the Imperial Conference of 1930 would have failed. Unquestionably that will be the verdict of history.

Mr. Chairman, and Gentlemen, I am not a politician. I know nothing of party politics. I do know the needs of the farmers of the West—their distress and their high courage. For their sake, and that of our beloved country, I trust that this great question will be raised above the level of mere party strife. (Loud applause.)

Mr. Napier Moore voiced the thanks of the Club to the speaker for his instructive and inspiring address.

THE PORT OF LONDON PICTURED

An Address with Moving Pictures by MR. A. E. WILDEY, Public Relations Officer, Port of London Authority, England.

4th December, 1930

Mr. William Tyrrell, Vice-President, introduced the speaker, who said: I thank you most heartily for the honour and opportunity of addressing you, on behalf of the Port of London Authority, for whom I speak.

I have been sent here with a twofold object in relation to the commerce of the most important public body in the Old Country; with a message of good-will towards Canada, and a desire to stimulate the interest of Canadians in the great market which is served by the Port of London, which we consider the greatest port in the Empire, or in fact in the world. (Applause.)

I would like to feel that Canada and the other Dominions share our pride in the great imperial port which you and they have helped to build. The City of London owes its progress, and I think one may say its prosperity, to this port.

The Port of London Authority desire to make better known the marketing and distributing facilities which the Port of London offers for produce from Canada, and to ascertain from producers and shippers whether there be any way in which the Authority can help to facilitate trade between the two countries.

The Port of London Authority was constituted in 1908 to take over the docks, which had hitherto been operated by private enterprise, and the tidal portion of the River from Teddington down to the sea, a distance of 69 miles. The Authority consists of twenty-eight members, eighteen of whom are elected by the payers of charges and dues, the other ten being appointed by public bodies and government departments. The Port Authority is self-supporting. Its revenue is derived mainly from dues on ships and charges on goods, and after working expenses and the fixed rates of interest on the port stock have been paid, any surplus is available for the improvement of the port or for the reduction of port charges. The functions of the Authority are many and varied. They own a dock estate of 3,442 acres, of which 723 acres are water, 45 miles of quays, with 1,650 cranes for the handling of loads ranging from a few cwts. to 150 tons, and 10 dry docks. They are the largest warehouse keepers in the world and are able to store over 1,000,000 tons of goods, while accommodation for a further 1,000,000 tons is provided by the public wharfingers in the port. In modernizing and extending the port, over £20,000,000 have been spent since 1909. The works upon which a large proportion of the capital has been expended are, we submit, beneficial to the Dominions.

There is no part of the British Empire that has not at some time or other benefited by selling its products in London. To bring home this point I need only say that Britain is the largest purchasing country in the world, and that the Port of London deals with 40 per cent. of Britain's import trade. This means that the London market spends approximately £500,000,000 per annum on overseas products. London has been a market for over 2,000 years, and its shipping and trade have progressed to the point where it is the greatest port and largest market in the world. Since the Port of London Authority took control of the port 21 years ago, its trade has gone ahead by leaps and bounds. For instance, in 1909 shipping entering and leaving the Port totalled 38,510,000 net register tons. Last year this had increased to over 58,000,000 net register tons, whilst the value of its overseas trade in 1909 was £322,000,000 against £705,000,000 last year. This shipping figure is 20,000,000 net register tons more than the next most important port in the United

Kingdom, and the trade figure represents 34 per cent. of the total trade of the country.

London's geographical position has facilitated its growth as a national and international market. The River Thames enables vessels of the largest class to enter the docks easily. Owing to its situation, 60 per cent. of the entrepot trade of the United Kingdom passes through London. The population of Greater London at the last census was nearly 8,000,000. Within a radius of 100 miles of the City there are 16,000,000 people who depend very largely upon the Port of London for their supplies of imported produce.

London is the financial centre of the world, and therefore exerts a tremendous influence on international trade. Bills of Exchange on London are the currency of the world's commerce; and exporters and importers can make the most advantageous financial arrangements. In 1929 out of a total sum of £44,896,677,000 which passed through the Bankers' Clearing House, £41,817,913,000, or 93 per cent., was cleared through London. The London market attracts the largest number of buyers, both national and international. All goods that enter it can find buyers; and shippers who send their produce to London for realization are assured that it will be sold, and in the long run at the best prices.

London has unequalled distributing facilities. There are 170 miles of railway lines in the Authority's docks, and merchandise can be loaded into or discharged from trucks alongside ship or warehouses, thus incurring the minimum handling. The wholesale provision market of London in Tooley Street is the greatest dairy-produce market in the country. In 1929 the United Kingdom imported 320,000 tons of butter and 150,000 tons of cheese. Of this total Canada sent only a very small quantity of butter, but over 36,000 tons of cheese, of which London received 20,000 tons, or 55 per cent. At the Surrey Commercial Docks, where large quanties of Canadian cheese are handled, the produce is discharged from vessels alongside the quay, and landed direct into cold stores. There are 7,000,000 cubic feet of cold storage accommodation available at the Surrey Commercial Docks and Tooley Street Warehouses.

In 1929 the United Kingdom imported nearly £35,500,000 of green fruit, apples being the second largest item, with 288,141 tons, valued at £7,000,000. London is the largest consuming and distributing centre, and deals with about 61.5 per cent. of the country's supplies. Excellent sale facilities for fruit are available at Covent Garden, Spitalfields and elsewhere. These markets supply the needs not only of the local population, but also of a large number of provincial centres.

London is the chief timber port of the United Kingdom, and deals with about 33 per cent. of the total imported into the country. Last year about 2,139,000 tons of timber of all descriptions were dealt with. The Port Authority themselves have an expert staff for carrying out the requirements of the trade in the way of piling, stacking and marking.

The increase in the export of paper on reels, chiefly newsprint, from Canada and Newfoundland, has been very great during recent years, and this business provides one of the most gratifying illustrations of the growth of Canadian trade with the United Kingdom. In 1914 the imports of newsprint amounted to 173,554 tons, of which 51,713 tons came from Newfoundland. In 1929 the imports of newsprint to the United Kingdom amounted to 386,000 tons, of which 244,862 tons came from Canada and Newfoundland, or nearly 64 per cent. London imported, in 1929, 605,000 tons of meat, or 70 per cent. of the total for the country, and 1,100,000 bales of wool.

One of the most potent reasons why Canada should look to London for increased sales is that London is becoming more and more a great centre of industry, bringing with it, as a natural corollary, an increasing population. This means greater opportunities for overseas traders to increase their sales there. It is an undisputed fact that there is a steady and certain gravitation of industry to the south of England, due to cheap land, low rating, proximity to the Thames, the development of electricity, and accessibility to London.

The General Manager of the Port of London Authority, Mr. D. J. Owen, has stated that the story of London is the story of the British Empire. It will be obvious, therefore, that in the short time at my disposal it has been impossible to speak of even all the main commodities coming into the Port from all parts of the world, but I have endeavoured to refer particularly to those received from your Dominion. My obect has been to bring before you the unrivalled facilities and favourable market conditions provided by London.

(The speaker's remarks were illustrated by moving pictures of the port and its many and varied operations. He assured the Club that the pictures were taken during every-day work, and were not the result of special "posing". He expressed his great surprise and delight at what he had seen in Canada, and suggested a slogan which he considered was an improvement on the old one "See Naples and die"—which was, "See Canada and live!")

Hon. Geo. S. Henry, Premier-elect of Ontario, voiced the thanks of the Club for the interesting and valuable address.

THE OUTLOOK FOR 1931

AN ADDRESS BY H. C. BALDWIN, DIRECTOR BABSON'S STATISTICAL ORGANIZATION

11th December, 1930

MR. WILLIAM TYRRELL, Vice-President, introduced the speaker.

MR. BALDWIN was received with applause and said: I consider this a great honour to come to the Empire Club, which is better known below the line than perhaps you realize.

What I have to say concerning the Canadian business situation perhaps will not, in spots, be as pleasant as some may hope, but we believe that we must honestly face the facts if we are to get anywhere and pull ourselves out of this depression.

Forecasting business conditions is always a precarious undertaking, despite all the statistics available and the facility for interpretation of them. Since forecasting is the business of the organization I represent, we must strive to make for you as careful a forecast as we can, hoping that our fate will not be so serious as that stated in a recent theme report handed in to a teacher in a school near us. The student had been told to write on Socrates. The pertinent quotation ran as follows: "Socrates was a great thinker and expounder of the Truth; he told people what was going to happen, and they did not like it, and gave him poison which killed him."

As we meet here to-day, we are facing the situation which was unbelievable a year ago or so among the masses of people. They thought that a new era had dawned, and that a constantly mounting volume of business and great expansion in manufacturing facilities would have developed. The stock market was discounting this golden future, and speculators became mad dreamers dashing recklessly on to the pot of gold along the rainbow of fundamentally false optimism. They felt that commodity values were established on a relatively stable basis. They even invented new formulas for the expansion of credit which were to prevent our suffering from the insecurity that had existed before. They felt financial and industrial reaction could never occur with all the economic wisdom they had acquired since the great break in 1921. Yet here we have been confronted again with a sweeping downward period of reaction.

The law of action and reaction in our business fabric never fails. The expansion of five years previous to the break could never be counteracted by sufficient reaction from our excesses to build again a sound foundation for improved business. There has been general feeling, not merely of disillusionment but of bitter disappointment, over the discovery that we still follow the old economic laws. If we rush into extravagant spending and debt, we always pay the penalty as individuals and as a country.

You may ask whether our theory of action and reaction is not a fatalistic doctrine. We reply that the extreme swings of the business cycle can be eliminated along with the dire consequences of extravagance and heart-rending depressions, if close attention is paid to the old law of supply and demand. But we believe no agencies or group of agencies in our form of government can ever entirely eliminate these cyclical swings.

As to what brought about this period of depression, a great diversity of causes has been assigned, but we believe that a considerable part of it was brought on by super-salesmanship. Industrial leaders had prided themselves on their policy of controlling production to fit demand, but in reality our mass producers were using every expedient known to sales and advertising men to inflate the visible demand to undue proportions. With unbelievable success, consumers were taught to buy with money which they did not have. Much of this type of buying converged on semi-luxuries and luxuries. Salesmen and even bankers preached the doctrine that to spend is to enlarge the activity of business. If you saved your money it went into the building-up of competing concerns, with most ruinous competition and business depression. Now, if there is any one cause largely responsible for this depression it is excessive spending. Perhaps this development might have gone much further if prices had been logically reduced as the decreased cost of production developed with mass production. But prices were held up, and when consumers' demands refused to be boosted further, the whole price structure came tumbling down violently. Here, in our opinion, is the real basis for the deep depression we are suffering now. We might have overcome this drop for some time to come if we had reduced prices in proportion to the saving due to mass production, but we did not do so. That, to our minds, was the beginning of this break, which occurred before the stock market break. We would date the start of the break in June and July, 1929.

Of course you are interested in knowing about commodity prices. We have talked about the tendency to hold prices at an unwarranted high level, and of the result—the rather sudden drop in commodity prices. We are what are known as "price economists"; so let us talk briefly about commodity prices. We feel that the price situation is very basic to the entire business situation. Commodity prices over a long period of time have followed cycles which seemed to us to be very important in interpreting the present and immediate future of the business situation. These cycles appear to be approximately of fifty years' duration. Here is a chart showing the prices in the United States from 1790 to date; the general trend of Canadian prices would be the same. You will notice that there are these large cyclical springs in prices, and we are again experiencing a long downsweep of commodity prices. You may say there is sufficient historical evidence here on which to base any distinct conclusions, and you may be interested to know that we have carried this chart back to 1740 in a smaller group of prices, and find that same sweep in that period, although not so pronounced as since that time. Of course the reasons for this are rather deep, and would involve long discussion.

We believe we are at the point where we should roundly stabilize prices. Whether it should be for two or as much as five years we are not prepared to say; but we are prepared to say, with specific reasons, that following the next period of prosperity, which we hope to enter soon, we shall again go to a lower level. The reasons for saying that would lead us into a rather deep subject. We have every reason to believe that there will continue to be a shortage of gold for monetary purposes, and that by the year 1935 or 1936 all of us will realize that there is a real shortage—unless we find another Rand mine, and unless we change our central bank reserve policy the world over; and the latter reform is rather difficult in times of depression, or even times of improvement coming out of a depression. In such times people are not wanting more paper money; they are wanting more hard money. So such a movement is not likely to occur in the near future. With the shortage of gold increasing, we may expect its value to increase, and commodity prices to decrease. We are even prepared to forecast that within ten years we shall see a distinctly lower level of commodity prices. We hope we may be fooled by the discovery of a Rand mine.

Talk about lowering commodity prices may sound gloomy, but it is gloomy only when we have such sudden descents as we have had in recent months, which make it difficult quickly to readjust our whole economic fabric. In the long run, it is not the level of commodity prices that worries us; it is the adjustment of the industrial fabric to the level of commodity prices. We shall probably have just as good business as ever when commodity prices fall to a lower level, but the adjustment of prices is painful to most of us. That leads me to our forecast of 1931.

How will this depression develop, and when will it end? Frankly, we foresee lower levels for Canadian business during the first half of 1931, and we do not expect business conditions to improve in Canada to any measurable extent. Beyond that time, much depends on world-wide conditions and their relation to Canada's crop. Relief could come from heavy European purchases of Canadian wheat. But that is an uncertain development at present. Russian wheat will drag the market to a low level, and it is largely responsible for Canada's wheat situation now, and will be so in the future. Both Canada and the United States have foolishly and artificially kept the price of wheat at such a high level that they have made themselves particularly vulnerable to attacks on the wheat market by the Russians. We are suffering the consequences of a decidedly uneconomical policy.

The first quarter of 1931 will be exceedingly quiet, due to increased unemployment, decreased industrial activity and a falling-off in trade. The political situation is not at present a constructive factor, and no immediate developments favourable to business are within the power of the present administration here or on the other side of the line. We do not believe that government unemployment relief projects will be of practical value in the immediate future in aiding the general business situation. There must necessarily elapse a considerable time between the desire to build and the actual building. Real support from this movement will not come until late spring.

We find trade running about 13% below a year ago. While there is always a considerable minimum amount of business to be done in the necessaries of life, there will not be any increase in trade trend this winter. But one favourable development is the declining trend in living costs. Much can be done to increase the effect of this trend by further readjustments in retail prices. The difference between wholesale and retail prices offers a considerable cushion for the logical readjustment of retail prices. Those far-sighted retailers will surely prosper who realize that the urge to buy to bring back prosperity can bear fruit only with lower prices. Temporarily lower profit margins for retailers should be their contribution to the solution of the present business problem. Why ask the public which suffers actual unemployment, or fear of unemployment, to "buy now", unless retailers are willing to make prices attractive to them by logically lowering them? Eventually the retailers will have to lower their prices; why not begin now?

Fortunately there has been no general slashing of wage rates, but a slight downward movement is in evidence. We shall see some readjustment in wages in the next two years, as we always have during a major business depression. But the long-time trend of wages will climb, as it has done for many years. Our standards of living will be maintained and even increased when we again return to normal business conditions. The minor drop in wages during and immediately following the depression will be more than offset by declining living costs. Purchasing power will be maintained and eventually increased.

Commodity prices seem to have reached the point where they are relatively stabilized, and we believe that prices as a whole will go a little lower in the wholesale fields. Undoubtedly, when we return to prosperity again, prices will strengthen to some extent, but the long-time trend of commodity prices is still down, and we must expect to do business on a lower level of prices as we look ahead for five to ten years.

The major industries will remain relatively quiet through the first quarter of 1931. But the automobile industry, one of the factors in the prosperity before this drop, will show a healthy pick-up by the end of the first quarter of 1931; but our calculation is that we shall not have in 1931 over 65% of the production in 1929; but we must remember that 1929 figures were quite comparable to those of 1926, which was a pretty fair year.

You see, our philosophy is apt to be wrong in looking ahead, because we compare business conditions with the peak year. We think of abnormal years, and not what is the more normal year. As far as automobile business is concerned, we believe you will look back at 1931 as comparable to the year 1926—not a slashing good year, but a good year, the best we can see in that industry—in fact in any other industry. Any improvement in the automobile industry will be reflected immediately in the iron and steel industry. The mining industry is fundamentally in a healthy condition, but the present lack of speculative interest has somewhat curtailed operations in many of the mining fields. Base metal prices are low, due to overproduction in most minerals.

Do we see any increased activity in mining? We certainly do as far as gold is concerned, and some increase in most of the other lines, as we approach the latter part of 1931. There can be no question about gold mining being more profitable for next year, and several years to come, than it has been for many years. Spring orders for agricultural implements and heavy hardware are only in fair volume. The lumber industry is quiet, and it is not expected there will be a large cut this winter. We must remember that building activity in Eastern Canada and the United States governs the activity of your lumber industry.

As soon as present unemployment projects get under way the volume of contracts awarded should increase fairly rapidly. But the real effect of that building program probably will not be felt until the latter part of the summer or early in the fall.

Of course you gentlemen are interested in the serious conditions before the Provinces. The Prairie Provinces have the worst conditions, due to the wheat situation. In fact the future of Canada seems to a large extent to be tied up with the wheat situation. Your wheat people, just as foolishly as ours, attempted to maintain an artificial price level, and have suffered all the more from Russian competition. Our world wheat markets are all the more vulnerable to attack from the Russians. Being a conservative man, I am not interested in the Soviet form of government; but, Gentlemen, we must pay some attention to it. We have there a phase of the competition which is difficult to measure as we look ahead. It seems to us that even in the immediate future the wheat situation is very closely tied up with what Russia does; and we must comment upon a kind of competition that we do not like to think about, and face it. That is one of the things that we cannot measure. It seems that at present the Russian wheat is a drag on the wheat market, but there is an indication that the drag may eventually be relieved; how soon we do not know. If it is relieved so that large European purchases of Canadian wheat are made relatively soon, your future is all the better. If it is not relieved to any extent, it is very difficult to say how soon conditions will improve, especially in the Prairie Provinces.

Our figures indicate that collections are very satisfactory considering present business conditions. The indications are that the Ontario towns and cities are suffering less than any other part of Canada. While unemployment and hardship due to it seem to be acute to you, and there seems to be no improvement in sight for the immediate future, we must recognize that we have seen worse times than this, and that we shall eventually come out of this depression all the stronger for it.

An organization like ours is at the present time under a tremendous moral pressure to be optimistic rather than pessimistic, just as a year ago indignation was heaped upon us, particularly from many brokers explaining that we should not be pessimistic at that time. Now, we conceive it none of our business to be either optimistic or pessimistic. We believe that we would be false to our responsibility to you and to Canadian business generally, if we coloured our economic conclusion with any tittle of unwarranted optimism on the one hand or unnecessary pessimism on the other. After all, what you want is the facts, and while it would be a pleasant task to stand here and tell you pleasant and favourable things about the business outlook—because we all like to hear of pleasant things—I want you to believe that whatever I have offered you is in no sense offered because it happens to be either optimistic or pessimistic, but simply because statistics and inevitable economic conclusions point to certain irresistible facts.

When you study conditions province-wide you must know—although you may not think so locally—that Ontario towns and cities are relatively in much better position than any other section of Canada—relatively, I say. There are some situations which are still burdensome, which must be ironed out. Frankly, as far as your payments are concerned, you are in a much better position than we are across the line. We have been very lax in spots in our banking situation, and because of it we may be a drag on you indirectly, I am sorry to say. We have a lot of weak spots there that must be cleaned up yet, before we can get back into a normal period of business. Your banking situation, on the whole, is really a great deal better than ours, although some of your may not think so. (Laughter and applause.) You are fortunate in some phases of your banking situation—the way it is carried on. We have a good system also, but there are some faults in it, too.

We are looking forward to a relatively good period of prosperity following this depression, and of course you are interested to know when that will develop, as we see it. We do not see how it is possible to pull out of this depression into a normal period of business until the middle of 1932; but please remember that there is always good business done after we pass the bottom of a depression. You will recall that, after the real bottom of the depression of 1920 was experienced, a very healthy feeling spread through this Continent, and confidence increased, though prices were abnormally low as we approached normal activity. We finally came back fairly rapidly, although naturally we were longer in coming back than going down. We hope this will be the case now. We do not believe it is advisable to force the issue by any unsound economic movement. Things must be allowed to readjust—with some careful direction, however—and if we find Canadian business back to normal in the spring of 1932 we ought to be quite satisfied that we have done our best. Meantime we can look for a slowly improving condition in business after the middle of 1931.

I would mention here a development which seems to us somewhat unsound, which you have here, as we have—this campaign to "Buy now and bring back Prosperity". I think its promoters lose sight of the fact that they appeal to the mass of people unemployed, or who fear unemployment—a poor type to appeal to. Even if it were fairly successful, that appeal would to some extent fall flat, because we know that retailers on the whole have not adjusted their prices to the fall in wholesale prices. There is a difference of about 20% between these prices—a sufficient cushion to enable retailers to readjust. One really constructive thing that can be done is to induce retailers to help out by making prices lower and attractive to the people. Retailers should be willing to contribute to trade revival by being willing to take a lower margin of profit. (The speaker gave a personal experience showing that the retail price of underwear in Boston had not responded to the 15% reduction made by the wholesalers.) We feel that the promoters of the "Buy Now" campaign should take the retailers behind the scene, and give them—as well as the public—a lecture. (Applause.)

Another means of bringing back prosperity, and preventing periods of depression, which is being adopted by many Canadian employers who are fortunate enough to have a surplus, is to build up what we call a "prosperity reserve". Some companies across the line have done that —very few, however. They have practically guaranteed employment to all their employees, or in some cases to groups of them. When you guarantee employment, even half-time, to a man, you instil confidence in him. Pardon a personal reference; our organization practises what it preaches, and has guaranteed for this year that no employee will be discharged. (Applause.) Why can we do that? Because over a period of years we have built up a prosperity reserve, and we have also made our profit. We think that leaders in industry should recognize this as one method of improving the situation. It is a long-sighted move. It sustains the purchasing power of employees and officers. Some people may think it is impossible to build up such a reserve, but if you cannot do it, poor management is shown. In our opinion no business has a right to exist that cannot build up such a reserve.

Businesses that are said to be relatively decadent have done it.

It seems to us that this problem of business depression is distinctly in the hands of our managerial types of citizens. We must plan for it in the future. We do not hold the fatalistic doctrine that there must be action and reaction. We believe a large part of these terrible periods of depression can be overcome by a little more careful governing of our over-expansion periods.

One of the things we frequently talk about is savings. We feel that we got off the track in the last five or six years in telling people to spend. It was said, "If we save a great deal of money it will go back to the industry; it will build up a large plant; competition will result, and of course profits will decline, and we will go into depression." We went into depression, not because of that, but rather because of extravagant expenditure. We believe that this virtue of saving ought to be, and must be, taught more extensively as we go back into a period of prosperity. We must remember that there is a fundamental firmness, soundness and vigour to the Canadian economic structure, which will eventually bring you back to prosperous conditions, which we honestly believe will be even better than those through which we have passed, because we feel certain it will not be carried to the excesses that we experienced in the immediate past. This depression is world-wide and, therefore, is a much more difficult one to work out of. As we look ahead, it seems that it will be some time in 1932 before we shall get back to what we call absolutely normal conditions. Yet in the meantime we must work hard and remain hopeful that with this hard work we shall see somewhat better times by the end of 1931. Business should carefully reduce its prices as quickly as possible, and prepare for the first half of 1931 on a basis of conservatism and reasonable cost. The area of depression below the normal line of growth, as shown on the Babson Canadian chart, should develop further. But hard work in sales and cost-cutting efficiencies in production and distribution are the key-notes of your

1931 business policies. Your reward will come later in the year. (Loud applause.)

MR. FRANK ROLPH, President of Toronto Board of Trade, in conveying thanks to the speaker for his instructive and inspiring address, pointed out that his firm had utilized the plan of "prosperity reserve", and he also hinted that the "other Rand", for which the speaker hoped, might be found in Northern Ontario.

APPENDIX I

REPORT OF THE ANNUAL MEETING

The Annual Meeting was held on the 11th of December, 1930, at the Royal York, Hotel, Toronto.

The President, Mr. John D. Spence, after the luncheon called for the reading of the report for the year. It was moved the report be taken as read as it would appear in the Year Book, which motion was seconded and carried.

The Secretary-Treasurer, Mr. E. M. Morris, however, reported that twenty-seven meetings had been held during the past year, the average attendance at which was three hundred and eighty, and that new members were obtained during the year to the number of two hundred and fifty, an increase in total membership of one hundred over the preceding year.

The President then called for the report of the Nominating Committee which was read by the Secretary, and is as follows:—

H. G. Stapells, Esq., M.A.	President
Lt.-Col. G. A. Drew	First Vice-President
Rev. F. H. Cosgrave	Second Vice-President
W. J. Darby, Esq	Third Vice-President
E. M. Morris, Esq	Secretary-Treasurer

COMMITTEE:

Messrs. J. H. Brace, George D. Davis, Hugh Eayrs, H. C. Grout, Lt.-Col. B. O. Hooper, Main Johnson, Clark Locke, Andrew McLean, Dana Porter, R. T. Stanley, C. P. Tisdall, William Tyrrell, W. B. Watson, E. J. Tucker, John D. Spence (Immediate Past President), and (representing the Past Presidents) Rt. Rev. James F. Sweeny, M.A., D.D., D.C.L., Mr. J. B. Perry, Lt.-Col. R. J. Stuart.

Mr. Kenneth J. Dunstan moved the adoption of this report. This was seconded by Gordon W. Hewitt, and so adopted.

THE ANNUAL FINANCIAL STATEMENT

The Statement of Receipts and Payments for the year ending on the 31st of December, 1930, was presented as audited and certified to by the Honorary Treasurer, Mr. H. T. Jamieson, C.A., as follows:—

Receipts

Balance brought forward, 1st January, 1930			$30.17
Income:			
Annual Fees:			
Resident	$4,459.00		
Non-Resident	66.00		
		$4,525.00	
Sale of Year Book		8.00	
Bank Interest		23.00	
			$4,556.00
			$4,586.17

Payments

Expenditure:			
General Expenses:			
Salary (including $400 on account of year 1929)	$1,500.00		
Printing and Stationery (including cost of Year Book)	1,960.32		
Telegrams and Telephone	88.22		
Entertainments and Travelling Expenses	172.05		
Reporting	198.80		
Office Expense	186.47		
Miscellaneous	125.00		
		$4,230.86	
Guests and Luncheons		315.60	
			$4,546.46
Cash on hand, 31st December, 1930			$39.71

The President, Mr. John D. Spence, said he was absolved from his serious failure to perform the duties of his office during the year, and he was glad to take the Chair to-day in order to express, for himself and the Club, their very cordial thanks to the Vice-Presidents, the officers, the Chairmen of Committees, and the Executive Committee, for stepping into the breach and carrying on so efficiently that the year just closed had been one of the most successful in the history of the Club. (Applause.)

He said that one of his chief pleasures had been his association with those who had carried on the work of the Club, especially the opportunity of becoming better acquainted with Vice-President Tyrrell, a man of loyalty and very fine enthusiasms; (Applause) and also with Mr. Tisdall. He had great pleasure in introducing his successor, Mr. Stapells, who during the year had carried on not only as a Vice-President but as Chairman of the Speakers' Committee. If it were possible for any man to earn the Presidency by service, that office had been surely earned in this case. (Applause.) They all knew that the great success of the Club had been due in large measure to Mr. Stapells' most excellent work as Chairman of the Speakers' Committee. To him he would now pass on the Presidency, of which he was proud, as one might pass an heirloom of great beauty, the possession of which honours the man who possesses it.

President-Elect Stapells came to the front amid applause. He said that for seven years he had been serving the Club in all possible capacities and some impossible ones. (Laughter.) That he had commenced to do so was owing to the imperial zeal of his brother, R. A. Stapells, himself a life-member and Past-President of the Club. (Applause.) That he had continued to do so was attributable to the kind encouragement of the Presidents under whom he had served, Mr. Brooks, Dr. Burns, Col. Kirkpatrick, Col. Fraser, Mr. Fennell, Mr. Eayrs, Mr. Spence and Mr. Tyrrell. During those years he had come to have a deep appreciation of the place the Empire Club holds in the community, and he was confident that the excellent Committee just elected would, with the Club's co-operation, maintain and increase the Club's prestige during the coming year. On their behalf as well as his own he thanked them for the honour done him. (Loud applause.)

The meeting was then adjourned.

APPENDIX II

HONORARY PRESIDENTS OF THE EMPIRE CLUB OF CANADA, 1903-1931

1903-1912.	Rt. Hon. Lord Strathcona and Mount Royal, G.C.M.G., LL.D., D.C.L.*
1913.	Field Marshal H.R.H. The Duke of Connaught and Strathearn, K.G., G.C.M.G.
1927.	His Excellency The Viscount Willingdon, G.C.S.I., G.C.M.G., etc.

PAST PRESIDENTS:

1902-04. 1904-05.	Brig.-General James Mason.*
1905-06.	Reverend William Clark, D.D., LL.D., D.C.L.*
1906-07.	Mr. J. P. Murray.
1907-08.	Mr. J. F. M. Stewart, B.A.
1908-09.	Mr. D. J. Goggin, M.A., D.C.L.
1909-10.	Mr. Elias Clouse, M.D.
1910-11.	Mr. J. Castell Hopkins, F.S.S.*
1911-12.	Mr. F. B. Fetherstonhaugh, K.C.
1912-13.	Right Reverend James F. Sweeny, M.A., D.D., D.C.L.
1913-14.	Mr. Justice James Craig.
1914-15.	Lieut.-Colonel R. J. Stuart.
1915-16.	Mr. Albert Ham, Mus. Doc.
1916-17.	Mr. James Black Perry.
1917-18.	Mr. Norman Sommerville, M.A., K.C.
1918.	Mr. F. J. Coombs.
1919.	Mr. R. A. Stapells.
1920.	Mr. Arthur Hewitt.
1921.	Brig.-General C. H. Mitchell, C.B., C.M.G., D.S.O., LL.D.
1922.	Sir William Hearst, K.C.M.G., K.C., LL.D.
1923.	Mr. Ellis H. Wilkinson.
1924.	Mr. William Brooks.
1925.	Rev. Dr. R. N. Burns.
1926.	Colonel A. E. Kirkpatrick, Hon., A.D.C.
1927.	Colonel Alexander Fraser, LL.D., A.D.C.
1928.	Mr. Robert Fennell.
1929.	Mr. Hugh Eayrs.
1930.	Mr. John D. Spence.

HONORARY LIFE MEMBERS:

1904.	Rt. Hon. Joseph Chamberlain.*
1910.	Rt. Hon. Sir George W. Ross, LL.D.*
1920.	Colonel Alexander Fraser, M.A., LL.D., Litt.D.
1924.	Mr. D. J. Goggin, M.A., D.C.L.

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* Deceased.

APPENDIX III

CONSTITUTION

INSTITUTED 1903

THE OBJECT OF THE CLUB IS THE ADVANCEMENT OF THE INTERESTS OF CANADA AND A UNITED EMPIRE

Organization of the Club and Branches

Art. 1.—(1) The organization shall be called the Empire Club of Canada.

(2) Branches of the Club may be established with the authority of the Executive Committee, and subject to such conditions and regulations as may from time to time be decided upon by the Club in Toronto.

(3) A committee may be appointed under the provisions of sub-section 2, article 1, for the establishment of branches of the Club, and the word "Unit" shall denote a Branch.

Classes of Members

Art. 2.—The Membership of the Club shall be open to any man of the full age of eighteen years who is a British Subject and shall consist of

(a) Active Resident Members,
(b) Non-Resident Members,
(c) Life Members,
(d) Honorary Members.

Active Resident Members and Non-Resident Members

Art. 3.—(1) Candidates for Membership shall be proposed and seconded by two members of the Club in good standing, and shall be elected by a two-thirds majority of those present at any meeting of the Executive Committee.

(2) Active Resident Members shall pay an annual fee of $4.00 and Non-Resident Members $3.00, this fee to include membership obtained after October 15th in any year till December 31st of the following year. Payment

of such fee shall entitle each member to receive a copy of the Year Book. No member in arrears for fees or dues shall be considered in good standing or be eligible for office.

Life Members

Art. 4.—(1) Life Members, not exceeding ten in any one year, may be elected from time to time, at an open meeting of the Club, upon the recommendation of the Executive Committee. Provided, however, that Ministers of the Federal Parliament and Premiers of the different Provinces of the Dominion of Canada may be eligible for election at any time, even though their election may cause the number of Life Members to exceed ten in one year.

(2) Life Members shall pay a fee of $50.00 in one sum.

Honorary Members

Art. 5.—(1) Honorary Members may be elected upon the recommendation of the Executive Committee, and at a general meeting of the Club.

(2) Honorary Members shall be exempt from the payment of fees, but shall not have the privilege of voting or holding office.

Officers to be Elected

Art. 6.—(1) The officers of the Club shall consist of an Honorary President; a President, First, Second and Third Vice-Presidents; a Treasurer, a Secretary, or a Secretary-Treasurer; and seventeen other members, all of whom shall be elected by ballot. These members together with the officers before mentioned, shall constitute the Executive Committee, and shall hold office throughout the calendar year. All Past Presidents shall constitute an Advisory Council under the Chairmanship of the immediate Past President, and such Advisory Council shall elect annually three members, who, together with the retiring President, shall be the ex-officio members of the Executive Committee for the ensuing year.

Election of Officers

(2) The Election of Officers of the Club shall take place at a general meeting of the members, to be held not later than December 15th of each year, at a date to be decided upon by the Executive Committee, and this meeting shall be deemed to be the Annual Meeting. A committee to nominate the officers for the new year shall be appointed at the meeting next preceding such Annual Meeting, due notice of such meeting to be given to all members in good standing, and such committee shall report to the Annual Meeting; provided that no member shall be nominated to any office unless and until he has given notice in writing that he consents to such nomination and will act if elected to the position for which he has been nominated.

(3) Two Auditors shall be elected at each Annual Meeting.

Standing Committees

(4) Standing Committees shall be appointed as follows:—

(*a*) Finance Committee.
(*b*) Speakers' Committee.
(*c*) Membership Committee.
(*d*) Constitution Committee.
(*e*) Luncheon and Reception Committee.
(*f*) Publicity Committee.
(*g*) Royal Colonial Institute Committee.

Filling of Vacancies Among Officers

Art. 7.—In the event of an office becoming vacant by death, resignation, or otherwise, the vacancy thus caused shall be filled by the Executive Committee and the person so chosen shall hold office until the next Annual Meeting.

Duties of Officers

Art. 8.—The duties of the officers shall be those customary to such positions in similar organizations.

Holding of Meetings

Art. 9.—(1) The Club shall hold general meetings weekly from October to May, both inclusive, in each twelve months with such intermissions as from time to time may be decided upon.

(2) At the Annual Meeting a report of the year's proceedings and work shall be submitted by the President, and this report shall be accompanied by an interim report from the Treasurer. As the financial year does not end until December 31st, the Treasurer shall, in addition to the interim report presented at the Annual Meeting, present an audited statement of the finances of the Club for the full financial year at regular meeting of the Club held during the month of January.

Notice of Meetings

Art. 10.—Written or printed notices of all meetings shall be given to the members of the Club. Such notices shall be sufficient if addresesed to the members, and deposited post paid in the post office in Toronto.

Quorum at Meetings

Art. 11.—Fifteen members in good standing shall constitute a quorum at any meeting of the Club, general, annual or special and the presiding officer shall have a casting vote. Six members shall form a quorum of the Executive Committee.

Limitation of Business at General Meetings

Art. 12.—No business other than the hearing of the addresses and notices of motion shall be introduced at any meeting of the Club, unless it has been submitted to the Executive Committee and received its approval.

Calling of Special Meetings

Art. 13.—Meetings of the Executive Committee shall be called by the President, or on a requisition signed by three of its members. Special meetings of the Club may be called by the President, and shall be called by him on a requisition signed by twelve members and stating the object of the meeting. This object shall be stated in the notice calling the special meeting.

Financial Year

Art. 14.—The Financial Year shall be the same as the calender year, *viz.*: January first to December thirty-first.

Amendments to Constitution

Art. 15.—This Constitution may be amended at the Annual Meeting, or at a special meeting called for that purpose, subject to a two-thirds majority vote of the members present.